Daily Report

Latin America

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FBIS-LAT-95-020 *31 January 1995*

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Peru, Ecuador Studying Proposal by Rio Protocol Guarantors

PY3001165095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1554 GMT 30 Jan 95

[FBIS Translated Text] Brasilia, 30 Jan (AFP-NA)—A Brazilian Foreign Ministry spokesperson has indicated that the presidents of Peru and Ecuador are at this moment studying proposals of understanding on the armed crisis in the Condor Mountain Range. The proposals were formulated by the guarantors of the Rio de Janeiro Protocol during the arduous and very long meetings that have been taking place since the afternoon of 29 January.

Diplomats from Brazil, Argentina, Chile, and the United States, the guarantor countries of the Rio de Janeiro Protocol signed in 1942 in the then Brazilian capital, have been in constant contact with the Peruvian and Ecuadoran ambassadors in Brasilia, who were handed the principles for a formula to overcome the conflict. The ambassadors immediately transmitted this formula to their respective capitals.

Peruvian, Ecuadoran Envoys Invited to Rio Meeting

PY3001212195 Madrid EFE in Spanish 1928 GMT 30 Jan 95

[FBIS Translated Text] Brasilia, 30 Jan (EFE)—"High-level diplomatic" representatives—possibly vice foreign ministers—of Argentina, Brazil, Chile, and the United States of America have invited their Ecuadoran and Peruvian counterparts to attend a meeting to be held tomorrow, 31 January, in Rio de Janeiro to explore ways of solving the Peruvian-Ecuadoran armed conflict.

Sources from the Brazilian Foreign Ministry have told EFE that the Rio de Janeiro meeting will be held "within the legal framework of the Rio de Janeiro Protocol of 1942," which had established the border limits between the two countries and which Ecuador subsequently declared to be null.

Official sources have said that the Ecuadoran and Peruvian diplomatic representatives in Brasilia, upon receiving the approval of their governments, confirmed that their countries will be represented at the meeting.

The meeting, which is scheduled to start at 1530 local time (1830 GMT), will be held at a Brazilian Foreign Ministry office located in Rio de Janeiro.

Delegates of the four guarantor countries today met for the third time since last week, when hostilities broked out in the Amazon region between Ecuador and Peru.

At the end of today's meeting, they issued a communique emphasizing the great effort made by OAS Secretary General Cesar Gaviria Trujillo "to preserve peaceful coexistence in the continent."

They have also expressed "their continuing dedication to making the path of dialogue prevail," and reiterated "the need for a prompt suspension of military operations in the area. [no closing quotation mark as received]

The communique issued today was signed by Brazilian Vice Foreign Minister Sebastiao do Rego Barros, U.S. Ambassador Melvyn Levitsky, Chilean Ambassador Hesaldo Munoz, and Argentine Charge d'Affaires Julio Freire.

Peru, Ecuador Agree To Meet

PY3001232795 Rio de Janeiro Rede Globo Television in Portuguese 2233 GMT 30 Jan 95

[FBIS Translated Text] Representatives of the four guarantor countries of the Rio de Janeiro Protocol, which established the border limits between Peru and Ecuador, met behind closed doors at Itamaraty Palace on 30 January.

Itamaraty spokesperson Vera Machado said that Brazil, the United States of America, Argentina, and Chile are once again trying to mediate in the Ecuadoran-Peruvian conflict by setting a meeting for tomorrow, 31 January, at the old Foreign Ministry office in Rio de Janeiro with foreign ministers [as heard] of the two countries involved in the conflict.

Peru and Ecuador have already confirmed that they will send their representatives to the meeting. This is the first time the two sides have agreed to negotiate since the conflict erupted.

Brazil, the United States of America, Argentina, and Chile will propose the suspension of military operations. However, these peace talks will not entail amending the Rio de Janeiro Protocol, which demarcated the border between Ecuador and Peru 53 years ago.

No one made remarks to the press at the Ecuadoran Embassy today. Yet, Ambassador Cesar Valdivieso announced that his country is open to negotiations and that the main thing would be to call a cease-fire.

Reports on the conflict are steadily flowing into the Peruvian Embassy. Ambassador Alejandro Gordillo said Peru believes in dialogue, but notes that there is a condition for peace; that is, the withdrawal of Ecuadoran troops from the area of conflict.

Ecuador Requests 'Urgent' OAS Foreign Ministers Meeting

PA3101032595 Quito Voz de los Andes in Spanish 0144 GMT 31 Jan 95

[FBIS Translated Text] On 30 January, Ecuador asked the OAS to convene an urgent meeting of the foreign ministers of this hemispheric forum to review the border conflict between Ecuador and Peru. During a special meeting of the OAS Council, Ecuadoran Ambassador Blasco Penaherrera described the situation as extremely

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dangerous, and he labeled Peruvian activities along the common border as comprising a territorial usurpation. Penaherrera asked that an OAS foreign ministers meeting be held within the next few hours. Here are the reasons our representative to the OAS gave to argue in favor of the Ecuadoran request:

[Begin Penaherrera recording] There has been a military aggression by one country, Peru, against another, Ecuador—both of whom are members of this organization.

Second, the large-scale nature and, therefore, the extreme severity of this aggression is reflected in the high number of casualties on both sides, in the destruction of equipment, and in all of the other ramifications of war.

Third, there is a good chance that these clashes will lead to large-scale military operations in densely populated areas of Ecuador that lie along the already marked border between the two countries. This is inferred from the fact, already denounced by international media, that Peru has massed a large number of troops and war materiel that far exceeds defensive or deterrent limits.

Fourth, Ecuador, from the very outset of the conflict, has shown a willingness to accept the involvement of all friendly governments, international organizations, and officials to secure a complete and immediate suspension of military operations on both sides and to open discussions and investigations to find definitive solutions to the age-old conflict with Peru.

Fifth, unfortunately, the efforts mentioned above, especially those of Dr. Cesar Gaviria Trujillo, secretary general of this organization, and of the governments that signed the border protocol of 1942, have not achieved any concrete results because of the Peruvian Government's refusal to decree a suspension of hostilities, as well as because of Peru's absurd and inadmissible desire to force the Ecuadoran Government to participate in talks while Ecuadoran soldiers, citizens, and territory continue to come under fire, and while Peruvian troops maintain aggressive and threatening positions described above.

Sixth, in light of the fact that the American states created the organization and approved its charter in order to, quote, achieve peace and justice; promote solidarity; strengthen cooperation; and defend sovereignty, territorial integrity, and independence, we must understand that there is no more serious threat and no worse danger than that of war, not only against the countries ultimately involved in the conflict, but also against the very essence, the raison d'etre, and the historical justification of the organization per se.

Seventh, this meeting must be held today. Here, I am referring to the foreign ministers consultation meeting, because when the obligation to preserve life and to prevent an increase in suffering and vengeance is at stake, there is no room for pretexts for delays or postponements that would render impossible a viable and permanent solution to the conflict.

Based on these considerations, your most honorable ambassadors and permanent representatives, the Ecuadoran Government has decided to request an immediate meeting of the most appropriate body of the OAS—a consultation meeting of foreign ministers—to act in keeping with the obligation that is categorically assigned to it by the often-cited Article 60 of the OAS Charter.

I reserve the right, Mr. President, to complete this speech with additional information and proofs concerning the tragic and painful process of usurpation of our territorial [word indistinct] which has led to this new episode of violence and bloodshed—an episode that comes precisely at a time when aspirations to achieve American unity and solidarity seemed to have reached their highest level ever.

I also reserve the right to respond to the speech that will be delivered by the distinguished ambassador from Peru and to clarify or answer any questions that the other ambassadors and representatives may have. Thank you, Mr. President. [end recording]

Menem, Wasmosy Warn Peru, Ecuador Against Escalation

PY3001183595 Madrid EFE in Spanish 1713 GMT 30 Jan 95

[FBIS Translated Text] Davos, Switzerland, 30 Jan (EFE)—Paraguayan President Juan Carlos Wasmosy has reported that he and Argentine President Carlos Menem have talked with their Ecuadoran and Peruvian counterparts, Sixto Duran-Ballen and Alberto Fujimori, respectively, from Switzerland "to try to convince them that it would be very unwise to escalate the border conflict" between their countries.

On 30 January Wasmosy termed the conflict between Ecuador and Peru—whose respective presidents blame each other for the eruption of hostilities—"regrettable."

Wasmosy said: "If it is in itself sad that such a thing should occur between countries belonging to different continents, it is even sadder that it should happen between two member countries from the Andean Pact. This will undoubtedly affect the integration process that Mercosur [Common Market of the South] wishes to further with the Andean Pact."

"Moreover, this conflict, like that in Chiapas, Mexico, makes us Latin American countries lose credibility in the eyes of foreign investors, whom we need in order to achieve development," he added.

Argentina, Brazil, Chile, and the United States, the four guarantors of the Treaty of Rio de Janeiro (1942)—which established the border between Peru and Ecuador following a war between them—are making arrangements for a meeting between their deputy foreign ministers to try to establish the guidelines for mediation.

Menem and Wasmosy deem it important that the four guarantor countries find some solid foundation for an

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agreement when they meet at the negotiating table. This agreement may include a cease-fire and a "no man's land."

Central American Chiefs Ask Peru, Ecuador To Halt Fighting

PA3101010495 Paris AFP in Spanish 2324 GMT 30 Jan 95

[FBIS Translated Excerpt] San Jose, 30 Jan (AFP)—The Central American presidents today asked the Governments of Ecuador and Peru to immediately end the hostilities at their common border and deplored the more than 30 deaths that have resulted from the armed conflict over the past four days.

The presidents of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama met today in San Jose and called for a peaceful solution to the territorial dispute between Ecuador and Peru, which reemerged last Thursday with clashes between both armies.

"At a time when the hemisphere is seeking a new model in inter-American relations based on political consensus, dialogue, cooperation, and solidarity, Central America asks Ecuador and Peru to end the hostilities and provocations between the two armies," the official communique said. [passage omitted]

Parlatino Head Asks Bolivarian Countries To Mediate

PA3001171895 Hamburg DPA in Spanish 1501 GMT 30 Jan 95

[FBIS Translated Text] Caracas, 30 Jan (DPA)—Humberto Celli, Latin American Parliament (Parlatino) president, in Caracas today called for direct mediation by the rest of the Bolivarian countries (Venezuela, Panama, Colombia, and Bolivia) in the armed conflict between Peru and Ecuador.

Celli, who is a Venezuelan Social Democratic legislator, told a Caracas radio station that although it triggers grief and doubts on the future of the Andean and regional integration processes, these countries must seek diplomatic solutions to prevent a large-scale confrontation between them because of a border dispute. He reported that the body he is heading will discuss the issue on 2 February in Sao Paulo.

The Parlatino president agreed with Venezuelan political leaders on calling on chiefs of state Sixto Duran-Ballen (Ecuador) and Alberto Fujimori (Peru) to attend the Bolivarian Summit, slated for 2 and 3 February in Cumana to mark the bicentennial of the birth of Ayacucho Marshall Antonio Jose de Sucre.

Although Venezuelan international affairs expert Marco Tulio Bruni Celli recalled that the United Nations and the OAS have mechanisms to reach a peaceful solution, he did not rule out the possibility that the Rafael Caldera government, as the host in Cumana, will be able to promote talks between Lima and Quito.

Meanwhile, Venezuelan Social Christian leader Paciano Padron, former Andean Parliament president, today said he is expecting an official response from the two presidents, whom he spoke to yesterday to urge them to attend the summit on 2 and 3 February. "It is a wonderful opportunity to hold talks," he stressed.

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Cuba

Lage Announces 1 Percent Growth at World Economic Forum

FL2901214195 Havana Radio Rebelde Network in Spanish 0000 GMT 28 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Carlos Lage, vice president of the Council of State, pointed out that the Cuban economy experienced a growth of approximately one percent during 1994. Lage added that Cuba will not abandon the socialist model in which the state plays a vital role. He added that there is not a single country in which neoliberalism has contributed toward overcoming poverty in the so-called Third World. Lage heads the Cuba delegation to the World Economic Forum being held in Switzerland with the participation of approximately 30 heads of state or government, 200 ministers, and hundreds of businessmen from the different continents.

Presents Cuban 'Reality'

FL3001230895 Havana Radio Reloj Network in Spanish 2054 GMT 30 Jun 95

[FBIS Translated Text] The World Economic Forum being held in Switzerland gives Cuba another chance to present its reality. The forum, created 25 years ago, had until now ignored Cuba because of the U.S. blockade, Cuban trade with the former socialist bloc, and the presumed conviction about the failure of the Cuban economy. There are, however, different views at the forum this year. Leaders, ministers, high officials of the most important world enterprises, as well as international economic, financial, and scientific organizations, among others, learned that Cuba shines with its own light, and the truth is not what is broadcast by U.S. news media.

It was time for Cuba's voice to be heard at the World Economic Forum. Cuban struggle could not be ignored any longer, and it was important for participants to know how Cuba is beginning to succeed despite adversity, with a dignity many countries would envy.

Carlos Lage, vice president of the Council of State, discussed Cuba's current situation and prospects. He stressed the ease and security offered to foreign investors and stated that to beg and bow down to large financial organizations is not part of Cuba's economic policy. He added that there is opportunity in Cuba, but made it very clear that the Cuban people have opted for socialism, and that there is no turning back .

World Radio Congress Condemns U.S. Electronic Aggression

FL3101021095 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The Sixth Congress of the Community Radio World Association was held on 27-28 January in Dakar, Senegal, with the participation of delegations from over 500 stations worldwide. The congress unanimously approved a resolution of solidarity with Cuba's radio and people. The document condemns the U.S. blockade against Cuba which for over 30 years has damaged its communications by preventing access to information and impairing its teaching and cultural roles. The Community Radio World Association added its voice to that of numerous people and institutions worldwide that advocate the end of the electronic aggression and blockade against Cuba, and asked the United Nations to adopt all measures needed to ensure compliance with its decisions.

Foreign Ministry Spokesman Urges Peaceful Solution

FL3101033595 Havana Radio Rebelde Network in Spanish 0302 GMT 31 Jan 95

[FBIS Translated Text] Cuba urges Ecuador and Peru to reach a settlement. Reason must prevail to solve the current differences through peaceful means. The call was made by Cuba to end the armed conflict between Peru and Ecuador. In response to a PRENSA LATINA reporters' question, Foreign Ministry [Minrex] spokesman Miguel Alfonso stated that the Minrex has followed the armed incidents between the sister nations of Peru and Ecuador with great concern. He added that Cuba deeply regrets the events that have resulted in loss of lives in both nations with which it is united by cordial relations and historic ties. Alfonso stressed that for this reason, both sides are called to listen to reason, end the clashes, and use peaceful means of solving the problem.

Ecuadoran Envoy To Ask UN for Intervention

FL3001155295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 30 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The Peruvian Army began a massive ground and air attack against Ecuadorian border facilities, according to Defense Ministry reports from Quito, Ecuador.

Peruvian troops are using mid-range missiles, mortars, tanks, light aircraft, and armed helicopters, reports the Ecuadorian Army. An Ecuadoran Army spokesman stated that Ecuadorian troops are fighting and are repelling the attack which appears to be a large operation, judging from the description given. It is known that the Ecuadoran ambassador to the United Nations will travel to New York and request the United Nations' urgent intervention in the conflict. According to the same sources, seven Ecuadoran soldiers have been killed and a Peruvian helicopter has been shot down to date.

Meanwhile, amid social tension, the Armed Forces are recruiting thousands of Ecuadorians over 16 years of age

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to take part in the national resistance fronts [frentes de resistencia nacional] and the recruits are being sent quickly to the Ecuador-Peru border area.

On the other hand, the Peruvian Government maintains silence on the offensive taking place at the border.

Many observers are asking who will gain by rekindling this old conflict, by reaching the stage of using weapons, and by refueling old hatreds. They remind us that these moves—without any apparent justification—are sometimes used as a ploy to divert the public's attention from internal problems.

[Havana Radio Rebelde at 1800 GMT on 28 January during its regularly scheduled "National Radio News" carries a report on the Peru-Ecuador conflict. The following is an excerpt from this report: "The situation is tense and governments—such as the Venezuelan Government—have made a call for both sides to ponder the situation, because there is nothing worse than a war. Brazil, Argentina, Chile, and the United States—guarantors of the 1942 peace accord—have called upon Peru and Ecuador to find a peaceful solution to their differences. Today, a Brazilian source stated that Brazil will do whatever it can to further communication between Peru and Ecuador."]

[Havana Radio Rebelde at 1000 GMT on 30 January during its regularly scheduled "Doing Radio" carries the following report: "While combat between Peruvian and Ecuadorian forces continue in the Condor Mountains border conflict, personalities from all over the world are calling for Peru and Ecuador to cease the hostilities. In Lima, parliament, political parties, and retired military personnel are criticizing Alberto Fujimori's government for not supplying information on the border incidents to the population."]

Commentary Details Ecuador-Peru Border Dispute

FL3001180395 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Jan 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Two Latin American nations, Ecuador and Peru, without big armies or appreciable economies, are currently facing off over a 78-kilometer border zone, which the signed protocols did not succeed in delimiting correctly, or were poorly interpreted by the parties. Now, actions on both sides, and the use of certain modern military methods, leads one to believe that the number of deaths and material losses may increase in the near future. Old wounds are being opened again, old hatreds re-awakened, and the never-ending effort to achieve integration in Latin America becomes more difficult. The border dispute between Ecuador and Peru is [words indistinct]. Since colonial times, Ecuadoran territory has been cut back several times. The last important incident took place on 5-8 July 1941, when Peru invaded populated areas of Ecuador, disregarding the situation that had existed since 1938. At that time, Ecuador lost 200,000 square kilometers by signing the 1942 Rio de Janeiro Protocol, which ended six months of war. The agreement's guarantor nations were Argentina, Brazil, Chile, and the United States. In 1960, Ecuador withdrew from the joint boundary commission when 1,600 kilometers of [words indistinct] had been delineated, and only 78 were left—the same 78 kilometers that are the subject of the current confrontation. The Ecuadorans claim that the Protocol is unworkable because there are areas that were not demarcated internationally, and that the terms of the agreement should be reevaluated with the help of the Vatican. They also complain that the agreement does not name the Condor Mountains as the border, and within that zone there are 78 kilometers not fully delineated, where there were skirmishes in 1981 and a tense situation in August 1991.

As we see it, the crux of the problem is limited to these 78 kilometers, which observers describe as very rich in strategic minerals, therefore, it is impossible to rule out that certain international interests are behind this conflict. On the other hand, news reports are highly contradictory and even inventive. Currently, the Ecuadoran Government is requesting the UN to mediate, and OAS Secretary General Cesar Gaviria, has already agreed to negotiate peace. On it's part, Peru ruled out the possibility of mediation by either organization, and specified that the only nations that could mediate are the guarantor nations of the Rio de Janeiro Protocol. [Words indistinct] said that neither the UN nor the OAS has right to meddle in this issue based on respect for the treaty's principle, thus closing the door on a possible means of resolving the dispute.

As I wrote this commentary, news agencies were reporting fighting on the border, and the Peruvian army had entered into Ecuadoran territory which it believes to be Peruvian. Both nations had mobilized their armed forces. Ecuador has begun a massive recruiting campaign among those over 16 years old and former military personnel, who are sent to the combat zone to join the national resistance front [frente de resistencia nacional] units after receiving four hours of training.

Broadly speaking, this is the situation. As I was saying at the beginning, it is reopening old wounds and reawakening old hatreds perhaps, as the observers say, in the name of interests that have nothing to do with Ecuador and Peru. Other more supplicant analysts, point out that it is quite customary that a government, when embroiled in internal problems, seeks an international conflict to divert the peoples' attention, at least briefly. I don't know if this applies to this situation, nor do I believe that the Ecuadoran and Peruvian governments are capable of such a thing, but it is certain that both governments are facing serious domestic social difficulties. We hope that this small frontier war does not last long, because it only serves to increase the lack of understanding between two brother nations, and impoverish them even more, since it is the people of the two nations who pay the consequences, without receiving anything in return, I'm sure.

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Robaina Meets Counterparts in DPRK, Japan

FL3001184395 Havana Radio Rebelde Network in Spanish 1000 GMT 30 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text] In Pyongyang, Cuban Foreign Minister Roberto Robaina has met with North Korean Foreign Minister Kim Yong-nam and discussed bilateral relations and issues of mutual interest. The day before, Robaina had taken part in [word indistinct] in his honor [words indistinct] who had died in July after a heart attack.

Robaina visited Japan to discuss Cuba's situation, needs and what Cuba has to offer. In Japan, Robaina met with Foreign Minister Yohei Kono to whom he conveyed a message of condolence from Cuban President Fidel Castro for the victims—over 5,000 deaths—of the recent earthquake which struck western Japan.

En route to Pyongyang, Robaina had a stopover in Beijing, China, where he spoke about his meetings with executives of the Cuba-Japan economic conference, to whom he had explained Cuba's economic development and its will to continue finding methods of increasing bilateral agreements.

Meets with DPRK Vice President

FL3101012895 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] DPRK Vice President Pak Song-chol has met with Foreign Minister Roberto Robaina, who is conducting an official visit to Pyongyang. The Cuban diplomat pointed out that their friendly and reciprocal relations are very special because they have benefited from personal contacts between Presidents Fidel Castro and Kim Il-song, the DPRK leader who passed away last year. Robaina had met earlier with DPRK Foreign Minister Kim Yong-nam, who is also a member of the Politburo of the Workers' Party of Korea. Robaina will stay in Pyongyang until tomorrow, when he will embark on the rest of a tour that will take him to Thailand, Nepal, the PRC, and the Philippines

Russian Cultural Accord To Include Artist Exchange

FL3101023695 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Russian Culture Minister Yevgeniy Sidorov affirmed during a trip to Santiago de Cuba that Russia is interested in reestablishing cultural relations with Cuba and announced that he will sign a cooperation accord to that effect in Havana. The accord includes an exchange of young artists and publication of the works of Jose Marti. The exchange will include dancers, directors, musicians, art students, and theater groups from Havana as well as other provinces.

The Russian minister of culture is also a deputy to the Russian Duma. During his rich life, always involved in the arts and culture, he has published seven books and hundreds of articles, and has received several international literature awards. Sidorov is also vice president of the Russian Association of Writers, Painters, and Artists and has been minister of culture since February 1993.

Foreign Investment Accord Signed With UK

FL3101023595 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] An accord to promote and protect foreign investments between Cuba and Great Britain, initiated several months ago in Havana, was signed in London on 30 January by British Commerce and Technology Minister [title as heard] Ian Taylor, who visited Cuba last September, and Finance and Price Minister Jose Luis Rodriguez.

Congo Graduate Students Urged to Prepare for Departure

FL2701174495 Havana Radio Reloj Network in Spanish 1510 GMT 27 Jan 95

[FBIS Translated Text] Notice to Congolese graduate students still in Cuba: The foreign scholarship department of the Ministry of Foreign Relations informs graduates of the various education centers in all provinces that they must report to the institution from which they graduated to complete all paperwork in order to return to their nation on a charter flight scheduled to depart from the Jose Marti International Airport in Havana next Wednesday, 1 February.

Colombian Parliamentarian Urges Cooperation

FL2701235095 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Shortly before returning to Colombia, Juan Guillermo Angel Mejia, president of the Colombian congress, thanked the Cuban people for their warm reception and referred to cooperation between Cuba and Colombia.

[Begin recording] [Mejia] I think that the channels of cooperation between Cubans and Colombians are established. All we now need to do is put more effort into it. It is not a matter of building a structure, since it is already built; it is a matter of furnishing the structure so that it is nicer to live in. [end recording]

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Ricardo Santamaria, Colombian ambassador to Cuba, also highlighted the importance of the Colombian congressmen's direct contact with the Cuban process during their visit.

[Begin recording] [Santamaria] Over the course of their visit they have been able to directly evaluate the Cuban process and get firsthand information on the progress of relations, thereby acquiring a better basis for judgment when they work on Colombian-Cuban relations in Congress. In addition, they can see that their efforts over the past year on issues of trade and cooperation will produce more concrete results in 1995. [end recording]

Second Round of Talks Held on Nicaraguan Property Dispute

PA2801033895 Havana PRENSA LATINA in Spanish 0637 GMT 24 Jan 95

[By Aissa G. Garcia]

[FBIS Translated Text] Havana, 24 Jan (PL)—At the conclusion of a second round of talks, the Cuban and Nicaraguan delegations have moved toward the solution of issues regarding Cuban property in Nicaragua.

In statements to PRENSA LATINA, Nicaraguan Deputy Foreign Minister Jose Pallais, head of the Nicaraguan delegation, defined as very positive this phase of the negotiations held in Havana, which will end today with the signing of an agreement.

Pallais, who will return today to Managua, said the current administration maintains the political willingness to legalize property the best way possible, and he added that he was very satisfied, "because we believe we are reaching the end of this matter."

Moreover, the Cuban Deputy Foreign Minister Benigno Perez told PRENSA LATINA that the talks were conducted in a very suitable and cordial spirit and that both parties were interested in finding a solution to the problem.

Perez said progress has been made in seeking a mutually acceptable and beneficial solution, but he added that there are still some matters to be worked out. The two delegations will meet again to clarify these matter.

Having disclosed that the third round of negotiations could take place around the end of March, Perez said he hoped this would be the final meeting held on the issue.

The two governments met in Managua in November to review the situation of 12 Cuban Embassy properties being claimed by their former owners, at which time they signed a general agreement.

After the 1990 elections, a number of people began to reclaim properties that were confiscated by the previous Sandinist government. The properties had belonged to people who left the country and had ties to the Somoza regime.

Pallais, who arrived in Havana on Friday, told PRENSA LATINA that the situation in Nicaragua regarding property rights is serious. We must revise and reach very broad national political agreements to move forward in this area, he said.

Pallais added that, in Cuba's case, reversion, indemnification, legitimization, and compensation for homes would be handled by assessing them to the debt contracted with the island.

From now on, Pallais said, we must implement the agreement, evaluate and make offers on properties, and explore possibilities for bartering.

Pallais recalled that his country signed a very favorable agreement regarding the renegotiation of the debt, and he added, "part of what was to be paid in cash will be used as compensation for these properties."

After emphasizing the desire of both parties to reach an agreement in each individual case, Pallais admitted that the complex process is designed to resolve the property issue no matter which government is in power.

The deputy minister stressed that these kinds of problems were confronted by nearly all former socialist countries with whom agreements have been reached, and in most cases, these agreements are already being implemented.

Pallais assured that relations between Cuba and Nicaragua are good. He added that this "has been demonstrated by the desire to resolve the property issue, which is very complex."

Later, he stressed that the two nations continue to maintain good contacts and that his visit to Havana is an indication of the desire to maintain them, adding, "we hope it will continue that way."

Pallais also emphasized that Nicaragua has always opposed the U.S. blockade against Cuba, because "it does not help resolve any problem; instead, it creates more problems." In this regard, he recalled that the same measures were implemented against Nicaragua in the past and that they did not work.

The deputy minister will end his visit to Havana on Tuesday. During his visit he met with Cuban Foreign Minister Roberto Robaina.

Ambassador Reviews Relations With Uruguay

PA2801102395 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Jan 95

[Report by Oswaldo Burgos in Uruguay; from the "Evening Information Review" newscast]

[FBIS Translated Text] Shortly before the installation of the new Uruguayan Government of Dr. Julio Maria Sanguinetti, we deemed it proper to interview the Cuban ambassador to Uruguay, Manuel Aguilera, on relations between Cuba and Uruguay.

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[Begin Aguilera recording] I can tell you that there is a historic relation, we may say, between Uruguay and Cuba at all levels, especially between the peoples of Cuba and Uruguay, because there is a tradition here of solidarity, of friendship, and of respect for the Cuban revolution, which I have been able to witness practically every day. Every day I receive demonstrations of friendship and even of admiration and respect. It is really very encouraging for our work.

I could also say that relations between the governments are also based on mutual respect. We also share common principles in matters of foreign policy that really unite us in our international actions. Uruguay has a tradition of defense of the principle of nonintervention in the internal affairs of other countries, which has led it to firmly reject the U.S. blockade against Cuba. It adopted a worthy attitude when it rejected the U.S. intervention in Haiti, for example. Uruguay has at all times participated in the United Nations and other international organizations by adopting a position that is radically opposed to any type of intervention in the internal affairs of other states.

Even though there are important differences in political-ideological matters, they have not been obstacles to rapprochement and to gradual and constant improvement of our ties. I am therefore very optimistic about the outlook.

We are going to have a change of government here in Uruguay. Dr. Sanguinetti will take over the presidency. He was once the president following the dictatorship in Uruguay. Something we can never forget is that he was the man who made the decision to restore Uruguay's diplomatic relations with Cuba at a time when he really did not have to. He did it because of this Uruguayan policy of principles to have relations with everyone. Relations with Sanguinetti's government at that time were very good. There is nothing that can make us think it will be different now. We are optimistic; we are confident that ties between our two countries will continue to develop.

I can frankly say that in the past few years there has been a standstill in our trade relations, basically because of the economic difficulties Cuba is going through at this time. The administration that will be replaced on 1 March has reviewed and weighed trade prospects with Cuba to see if we can draw our trade relations out of this deadlock. I believe the efforts will be continued by the Sanguinetti administration. Cuba is willing to find the proper path, despite the huge economic difficulties we are facing. We hope to work for more fluid trade and economic relations with Uruguay. That is one of the areas to which we are going to give greater priority in this new year and with the new government that will be installed on 1 March.

We have been invited to represent the Cuban Government, just as the other governments that maintain relations with Uruguay have, to attend the presidential inauguration on 1 March. We still do not have confirmation of who will attend. We have not ruled out the possibility that our President Fidel Castro could attend, but there is no confirmation of this. We know he is very busy, that he has important tasks to deal with at this time, but I believe it could be a significant visit. There are many Uruguayans who have insistently asked us if Fidel will come; they have told me they would like him to come. Fidel has not visited this country since 1959.

I repeat, there is an extraordinary feeling of solidarity, friendship, respect, and affection toward Fidel, toward the Cuban revolution, and especially toward the Cuban people.

I will conclude this brief evaluation by repeating what I said before. We believe we have positive relations and we believe the outlook is very promising. [end recording]

ANPP To Convene 24 Feb To Solemnly Mark Centennial

FL3101013795 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] The National Assembly of the People's Government [ANPP] will convene in a solemn session on 24 February to observe the centennial of the beginning of the wars of independence. This session will be the main national ceremony marking the occasion. ANPP Secretary Ernesto Suarez told the NATIONAL NEWS AGENCY that the ceremony will be held in Havana on the anniversary of the beginning of the war of independence organized by the Cuban Revolutionary Party under the leadership of Jose Marti.

According to the program prepared for the occasion, the ANPP deputies will be accompanied by some of the most relevant symbols of the patriotic struggles of the Cuban people. A declaration directed toward the Cuban people and the rest of the world will be issued. There will also be a cultural gala at Havana's Central Park on the evening of 23 February. On 24 January, there will be an athletic festival at Ciudad Deportiva, at which the delegation to the 12th Pan-American Games will be officially selected. The observance of the beginning of the Necessary War will include patriotic ceremonies at historic sites, municipal marches in homage to Marti, and wreath-laying ceremonies at sites related to the events.

Raul Castro Chairs Central Army Military Council

FL2901214095 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Raul Castro, Army general and minister of the Revolutionary Armed Forces, last night chaired the Central Army's General Military Council,

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the participants in which confirmed their willingness to maintain the status of Most Stable Vanguard Command. Referring to the provinces' efforts to become defense ready, Raul recommended hard work without pressure so that all aspects and requirements receive support. In the same manner, Castro expressed his interest in agricultural production for military units and the general population and stressed the importance of acquiring technical and farming knowledge about certain types of produce, such as beans and other grains, and to attain greater productivity. Division General Ulises Rosales del Toro, chief of the Armed Forces General Staff, congratulated the Central Army units and members on the favorable results of their efforts in 1994.

Praises FAR Food Production Efforts

FL3001215795 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The beginning of the Central Army's defense training period for 1995 took place at the Santa Clara Air Base, chaired by Army General Raul Castro Ruz. Division General Ulises Rosales del Toro and Commander of the Revolution Juan Almeida Bosque also participated in the ceremony. Collectives and small units of various types of troops and specialties were praised for having achieved first-class status in the the FAR's 38th Anniversary maneuvers and the inspection conducted by the Ministry of the Revolutionary Armed Forces [FAR].

In his closing speech Castro referred to the successes achieved by this command:

[Begin Castro recording, in progress] ....Central Army is also present on the decisive front line of food production. In 1994, the Army produced more than two thirds of their own food. Examples of these achievements by the Army are: the microjet plantain farm in Santo Domingo and the Corralillo military farming district, which used the previously fallow land of that large firing range. There is the example of the Victoria de Santa Clara farm near this city, where 73 caballerias, until very recently covered with marabou weeds, now produce food. There is also AgroFAR, which plays a decisive role in the production of the basic seeds needed by all units and farming enterprises of the FAR, to cite just a few of the examples. [end recording]

After the ceremony, Castro, accompanied by Miguel Diaz-Canel, first secretary of the Communist Party of Cuba in Villa Clara, toured a variety of production areas and met with the female detachment, Las Marianas, of the Batalla de Santa Clara Contingent. Castro also visited the Youth Labor Army farm no. 2 in Valle del Yabu.

Foreign Investment Minister Confirms Investment Law

FL2901215995 Havana Cuba Vision Network in Spanish 0100 GMT 28 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] A new foreign investment law will become effective during the first half of this year. The new law has been described as more flexible and complete. Ernesto Melendez, minister of Foreign Investment and Economic Cooperation, confirmed that they have been working on this new law for months. He spoke of the process:

[Begin Melendez recording] We are now in the process of meeting with international consultants. Next week we will hold a new round of consultations [words indistinct] some organizations [words indistinct]. [end recording]

Even though the law has not been publicly announced, it has gone beyond the general-concept stage. During an exclusive interview for this newscast, Melendez rejected the possibility of our relinquishing national sovereignty.

[Begin Melendez recording] During this period, the law issued in 1982 has been modified with amendments and other complementary addenda, which could make it a bit ambiguous to the foreign side. At the same time, we are incorporating some contemporary issues. During the opening of the fair in November, you all heard Comrade Carlos Lage discuss issues involving property and investments in practically every sector of the nation's economy. Of course, these must be backed by law. [end recording]

Today, during the Chamber of Commerce's annual review, it was announced that the Cuban Government has provisionally approved structural changes within the Ministry of Foreign Investments and Economic Cooperation, which will allow for greater effectiveness and for the creation of autonomous economic entities to seek financing in the investment process. Melendez declared the purpose [words indistinct].

[Begin Melendez recording] [Words indistinct] additional support for the effort that Cuban entities and enterprises are making in the creation of partnerships with foreign companies with the participation [words indistinct] that way our foreign counterpart are not obliged to make the entire capital investment. [end recording]

The latest figures reveal that while in November there were 150 joint enterprises on the island, January will end with 180 joint enterprises.

Isle of Youth's Economy Shows 8 Percent Growth

FL2701131495 Havana Radio Reloj Network in Spanish 2043 GMT 26 Jan 95

[FBIS Translated Text] The Isle of Youth shows true signs of a recovery with a growth of more than eight percent in its economy during 1994. Mejuil Aguilera, vice president of the Administrative Council in that municipality, underscored the significance of the accomplishment in midst of the current limitations. The leader described the reduction in the use of fuel to 8 kilograms

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per every 1000 pesos of mercantile production as excellent since such results are unprecedented in the special municipality. Furthermore, he highlighted the growth achieved in farming, transportation, industrial, and business sectors, putting the municipality in a position to obtain magnificent results this year.

Isle of Youth Holds Military Training Ceremony

FL3001225895 Havana Radio Reloj Network in Spanish 2044 GMT 30 Jan 95

[FBIS Translated Text] The Isle of Youth Municipality special brigade held a ceremony to mark the beginning of the Ministry of the Interior's new military instruction and training period. Chiefs, officials, and soldiers had pledged to achieve the best possible results to fulfill Isle of Youth goals, and to earn the status of defense readiness in the second stage in 1995. During the ceremony, Captain Luis Guerra highlighted his conviction that troops will achieve more efficiency during the centennial of Jose Marti's death. In addition, the assessment of the last training period was satisfactory, with outstanding results in target practice, special training, and combat readiness. There was a military demonstration at the end of the ceremony.

Software Package for Radio, Telephone Links Announced

FL2901223495 Havana Cuba Vision Network in Spanish 0100 GMT 28 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] A software package for the calculation of a radio link system is an achievement of Cuban telecommunications, and allows for the establishment of telephone and radio transmission service in Cayo Coco through microwaves, with a savings of more than $30,000.

The program includes Cuba's topographic pattern, which allows quick calculations for antennas and signal quality. For example, to eliminate the interruptions that used to exist on the Isle of Youth during prime time, it was necessary to use this graph to calculate the antenna's height. Each point on the graph represents solving 52 equations 34,000 times. It would take one man working full-time with a calculator more than a month to resolve this. But the software solved the equation in just one minute.

[Begin unidentified person recording] We have been working on the development of this program for 20 years, to guarantee the quality of our television and telephone services for our people here and abroad. [end recording]

Dr. Aaron Bembasat Vila is the mastermind behind the development of this program, which has already been applied to the design of Central America's digital network, as well as in Africa, Mexico, and Vietnam. Furthermore, it serves as an educational tool for the training of foreign personnel in Cuba. This Radio Link system has already received several awards, most recently during the Ninth Forum of Science and Technology. Furthermore it is the first Cuban publication in the monthly magazine of the International Telecommunications Union.

Journalists Discuss Prices in Cuba

FL2701180495 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jan 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guests Renato Recio and Eloy Concepcion—live or recorded]

[FBIS Translated Text] [Roque] The problem with prices—something that worries Cubans. With us to discuss this issue are Renato Recio and Eloy Concepcion. Welcome to the program. Let's analyze the situation—which worries Cubans—why are the state's prices increasing lately? Are they following black market prices? Are they using what unscrupulous people did as reference?

[Recio] My opinion is that when we speak of following established prices in any situation—even in the future—prices will have to follow the supply and demand system.

[Roque, interrupting] I agree, at least for some things.

[Recio] I mean for some things. Excuse me, let me continue. The state has two types of prices right now. They have regulated prices which are for the population and as everyone knows are not in the supply and demand system. These prices are subsidized: rice has the same price it did 30 years ago; oil, and other products. There have even been no changes in the shops where the ration booklets' agricultural products are sold. On the other hand, there are other prices—the farmers markets' prices. The state—the state's production—participates normally in a competitive relationship with the cooperative and individual producers at these markets. Everyone who participates in these markets does so under the supply and demand system...

[Concepcion, interrupting] Excuse me Renato, but we should talk about another important problem involving prices. I think it is a way of creating a type of anarchy. There are workers' cafeterias in provinces and municipalities where prices are placed anarchically. They do so trying to obtain efficiency and rentability in the cafeterias, but this problem is seriously affecting workers right now. I think we should discuss this issue.

[Roque] That is the problem we should discuss on "Straight Talk". That is the problem which worries our population. We are not making reference to the farmers and industrial markets' supply and demand system. We

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are making reference to certain arbitrary situations that are taking place now, which were not consulted previously with anyone.

[Recio] I agree. Just a few days ago, the secretary general of the Cuban Workers Federation [CTC], Pedro Ross Leal, called out against that type of situation. He was referring to prices that where being liberally established by certain enterprises and organizations. There is a lot to be said about this issue. During that meeting at the CTC, it was said that if you have a cafeteria or restaurant in a municipality and you paint the walls or move the furniture around, you say that the category of the facility has changed, and a croquette that used to cost 40 cents immediately is increased to one peso. We must stop that type of thing. The unions—who must protect the workers' standard of living—must get involved in this problem, as well as the state's organizations, inspectors, or the Ministry of Finance and Prices; all of these people must control this situation.

[Concepcion] Yes, because sometimes it is a contradiction. You know that the unions and the CTC award vanguard workers with the use of restaurants and places to eat. However, I have heard many workers say: what is this, an incentive or a punishment? They arrive at these places and services is bad, what they have to offer is bad, and prices are too high.

[Roque] What's even worse is that many of those workers are renouncing that type of incentive because they can not pay those prices.

[Concepcion, interrupting] Yes, Juan Carlos, because it's no incentive! If they grant you the chance to go to a restaurant that is supposed to be first category, you would also suppose that service would be good, the food warm and of incentive quality, and that prices would be logical for a worker—a worker who is usually outstanding.

[Roque] We are talking about the problems with prices in workers' cafeterias, in some restaurants—in a word, we are talking about the state's prices.

[Concepcion] I would also add the problem of prices of transport. We have seen cases of liberal increase in prices—unthought-of increases—in certain types of transport and in certain areas. The price problem is an eternal problem. I think we must have one thing clear: from now on there will always be a problem with prices. Prices are never popular. In any world economy there is always permanent rivalry between consumers and those setting prices. Roque, I would like to define one thing: prices were accorded by the workers at the parliaments at the workplace and by all Cubans. A consensus was reached regarding the need to end subsidized prices. This has to do with the corrective economic measures which are favoring Cuba's economy and allowing the peso to increase its value.

[Roque] Yes, but lets not throw the baby out along with the bath water.

[Recio] That's right.

[Concepcion] The workers' cafeterias are the Revolution's accomplishment. This accomplishment must be defended and the state will defend them, forever. In an effort to become self-financed, certain worker's cafeterias, instead of finding the reasons why they are not able to become self-financed—such as having padded payrolls and placing many costs not pertaining to the cafeteria on the books and without any improvements being made—they simply take a lunch which is rice, beans, and a piece of yam normally costing 50 cents and they increase the price to 60 or 70 cents. They have not improved the food nor added anything to justify the added cost.

[Recio] I have another anecdote. I am not going to give the enterprise's name because this could be an odd case, but it is in the iron works sector. A worker had purchased from the enterprise a pair of work shoes and work clothing. He had to pay around 45 to 50 pesos. What does this have to do with appropriate work policies? Nothing at all. It is true that the enterprise had to pay in dollars for the clothes, but it is an investment that the enterprise makes to improve work conditions, as well as to improve production quantity and quality, therefore, workers can not pay high prices for work clothes or tools. This is wrong and must be avoided.

[Roque] We must arrive at a consensus through which Cuba must find a procedure allowing administrations or organizations to control the price problem.

[Concepcion] There are many people in Cuba who invent things. Let's give an example; rum. In many places people have priced rum as they pleased, however, a few months ago the Cuban government fixed the price at which rum was to be sold. Rum is not an essential, but Cubans do consume this product. In some places you see that a bottle costs 50 pesos and in other places 100 pesos. Everyone has indiscriminately priced rum and this is against what has been established by the state.

[Roque] We must end that type of arbitrary situation and someone must do it.

[Recio] As it has been said many times, economic measures in Cuba must be implemented with order.

[Roque] You mentioned the unions and Pedro Ross. The unions could play an important role. How could we unite efforts to stop a situation that could lead to a national problem?

[Recio] I think the unions should play out their role. Generally, most of the unions due not fulfill their role as guardians of the workers' interest, which are same as the Revolution's interest.

[Roque, interrupting] And our people's interest.

[Concepcion] That's right. Many times, the unions allow this type of thing to happen in a worker's cafeteria and in

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activities involving the enterprise, due to an administrator, a service manager, or enterprise director. All of a sudden...

[Recio, interrupting] I would like to point something out. It's true that the union has to fulfill its role of control and fight, but let's not change responsibilities. That is the state's responsibility...

[Concepcion, interrupting] Excuse me. The state is responsible, but the workers are the unions' responsibility. That is very important.

[Recio] Agreed, but the union must demand order and demand that the state use all its mechanisms to establish order.

[Roque] Yes, the role played by the unions is very important. Renato mentioned that the state has dictated laws. I mean that everything is regulated, but there are those who do not comply. Who does not comply? The administrations. Who defends the workers' rights? The unions.

[Concepcion] However, some unions do not fulfill their true roles. They sit back and passively watch these arbitrary situations established by these administrations. The union must fulfill its true role in these situations.

[Recio] I think that lately a very interesting process has taken place—the efficiency assemblies. The workers—without going to the unions—can discuss their problems. This is one of the problems that has been discussed in many assemblies. The price problem is already affecting the workers, the population with the lowest income. Prices and the rest of the corrective economic measures are affecting us. We are in a difficult situation. We are even paying what is called the sacrifice quota. We can see how money is a scarce commodity in the worker's pockets. We must bear this in mind. If in addition to the sacrifice quota—which we workers have consciously accepted—there are improvisations, absurdities, and disorder, then it would become a very sensitive issue, which needs to be fought. I would like to add one thing, this is not only about the unions—I am thinking of the future—listen to what I have to say. Now in Cuba we must start thinking on how to protect consumers. This goes beyond the labor aspects of the problem. We are beginning a phase where the consumers, producers, and the markets are playing different roles than before when the producer, practically, exercised almost a dictatorship over trade. Now, we are buying at prices established through the supply and demand system. You must demand quality. While we are on the subject of prices I would like point out something of interest. Yesterday, in JUVENTUD REBELDE newspaper, Jose Alejandro Rodriguez reported the results of a recent study which stated that the prices of agricultural products in Havana City's black market had dropped 40 percent from July to November. This is something very interesting I think we should discuss. There are cases where prices have increased and in some of these cases the increase is not justified. The farmers' markets have brought along marvelous consequences, black market prices are dropping.

[Roque] Renato, I think this is an issue that we could discuss in another program. Today we have spoken about prices with Renato Recio and Eloy Concepcion.

Haiti

Electoral Bill Bars Clergy From Political Candidacy

FL3101032095 Port-au-Prince Radio Metropole in French 1700 GMT 30 Jan 95

[FBIS Translated Text] The deputies have resumed the debates in the Haitian Parliament today, a few days before the end of their mandate. The members of the 45th Legislature are putting all they have into final touches on the vote of two bills: the budget bill, which is basically complete, and the electoral bill. However, the final sessions are being held in the absence of many deputies, who chose not to attend the debates. The office of the Lower Chamber issued a list of 29 deputies who did not attend the concluding sessions and invites them to take their seats beginning Monday.

It should be noted that the electoral text presented by the executive received several modifications. One of the amended articles of this law prohibits priests and pastors from entering electoral contests without relinquishing their ministries at least a year in advance. This amendment, introduced by the president of the Chamber, has been approved by a majority of deputies who assert that they wish to protect the church from political temptations.

Another change in part two of the electoral law is the new requirement requiring candidates to present their high school diplomas.

Several political parties have reacted to the electoral bill. Such organizations as the Human Alliance, Generation 2004, [words indistinct] are concerned that the electoral bill has not been submitted to the political parties and organizations. Those parties and organizations request that a public debate be held before the adoption of the electoral law.

Committee Named To Investigate Coup Abuses

FL3001204595 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Jan 95

[FBIS Translated Text] A committee of lawyers in charge of investigating blatant cases of human rights abuse has been formed. Information Minister Henri-Claude Menard announced over state-owned television [Television Nationale d'Haiti, TNH] on the evening of 27 January that the government has formed a group of attorneys to examine certain issues relating to crimes and blatant human rights abuses committed during the period of the 1991 coup d'etat. The minister specifically cited the assassinations of Guy

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Malary, Antoine Izmery, Jean-Marie Vincent, and Jean-Claude Museau as examples of cases that cannot remain unexamined. A state of law cannot be built on impunity, he explained, adding that the Government of the Republic is not afraid to tackle the justice issue to provide satisfaction to the population.

While insisting on the need to get to the root of the problem, the information minister explained that after three nightmare years, the people deserve to be heard by the government and the international community. In conclusion, Menard pointed out that the presidential order dated 17 December 1994, creating the national commission of truth and justice, shows the government's willingness to put justice at the disposal of all citizens.

Police Academy Opening Coincides With Increased Violence

FL3101030095 Port-au-Prince Radio Metropole in French 1700 GMT 30 Jan 95

[FBIS Translated Text] The National Police Academy located at the former military Camp d'Application will open on 31 January for the first 375 candidates who passed the admission tests for the police school and academy. The official ceremony will take place during the first days of February. The other candidates will begin their training at the end of February. The training should last four months. Each month, a group of 375 candidates will enter the national police school and academy.

According to a note from the police authorities, the candidates selected to begin training on 31 January are being asked to present themselves at the Camp D'Application this afternoon, with enough clothing and toiletries for a four-month stay.

It should be noted that the opening of the police academy is taking place at a time where insecurity is increasingly more common in Port-au-Prince. Violent acts are being reported everyday. The latest one was the attack on engineer Nei Belancourt. Mr. Belancourt has suffered serious injuries, but is miraculously alive after armed men gouged out his eyes and cut off his ears on 27 January. His condition is currently stable.

France Pledges $600 Million; Michel To Meet Juppe

FL3001211095 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Jan 95

[FBIS Translated Text] The meeting of Haiti's sponsors will begin on 30 January, to continue through 31 January. Haitian Prime Minister Smarck Michel will participate in this meeting, along with Marie-Michelle Rey, minister of Finance and Economy; and Lakhdar Brahimi, UN special representative to Haiti. At the opening of this meeting, Michel gave a 30-minute speech during which he tried to persuade Haiti's principal international sponsors to come to the country's aid. I recall that $600 million was promised by the French Government, according to French Minister of Cooperation Michel Roussin [name and title as heard], who visited Port-au-Prince at the end of October 1994.

Prime Minister Michel will meet today with French Foreign Affairs Minister Alain Juppe. French sources point out, however, that there is no plan for them to be received by President Francois Mitterrand or Prime Minister Edouard Balladur. As mentioned earlier, Michel is accompanied by Marie-Michelle Rey, minister of finance and economy; Jean Marie Cherestal, minister of planning and external cooperation; Leslie Delatour, governor of the Bank of the Republic of Haiti; and several Haitian business leaders.

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Government Reevaluating Migration Policies

PA3001193295 Mexico City NOTIMEX in Spanish 2001 GMT 27 Jan 95

[FBIS Translated Text] Mexico City, 27 Jan (NOTIMEX)—The Government Secretariat has disclosed that the Mexican Government is currently undertaking an "in-depth reevaluation" of its migration policies so that it can reinforce sovereignty, security, and human rights guarantees "without creating any conflicts of interests."

Government Secretary Esteban Moctezuma Barragan pointed out that a struggle against activities which work against immigrants will also be carried out.

During the opening of the first meeting of the National Migration Institute [INM] the government secretary announced the implementation of an inter-institutional cooperation agreement to fight against the trafficking of people "and other illegal acts which normally lead to other crimes."

Moctezuma explained that the finance and communications secretariats, as well as the office of the attorney general, will take part in the program along with the Government Secretariat.

He also explained that these measures are all part of the reorganization and modernization process of all INM delegations and offices throughout the country.

According to the government secretary, Mexico's geographical location and the development features of its economy and society encourages and prompts domestic and international migration flows that turn the country into a "bridge nation."

"If we want to meet these challenges successfully" it is imperative for us to make "effective contributions" to international cooperation, since migration measures adopted often result in far-reaching consequences beyond the nation's borders, Moctezuma cautioned.

He stressed that the changes taking place within and outside the country's borders are pressing us to reevaluate the nature of our migration policies, the norms and criteria that guide these procedures, execution and instrumentation guidelines, supervision and attitudes.

The official explained that the law will be effectively implemented, which will help provide security to the national border, safeguard sovereignty, and protect internal stability.

The new policy, he added, must be founded on encouraging migration flows that will support the country's social and economic development, production systems, research, scientific and technological development, and create more jobs and enrich culture.

He also indicated that current migration policy demands a constant balanced effort which takes into consideration the rules and the objectives sought, and for these to be consistent with Mexico's international principles and commitments.

Moctezuma Barragan disclosed that the reevaluation of the legal framework of migration activities has already begun, and recalled that at the beginning of the year the protection offered to Mexican migrants in the northern border was reinforced and the operation of the "Beta Group" consolidated.

It was also decided to create a special migration supervision group in order to ensure that all detentions and deportations of illegal aliens are carried out in accordance with institutional guidelines and fully respect the individual's rights.

Poll Shows Opposition to U.S. Loan Guarantees

PA3101044595 Mexico City REFORMA in Spanish 30 Jan 95 p 21-A

[Report by Victor Aleman and Maria Antonio Mancillas]

[FBIS Translated Text] According to a poll conducted by the newspapers REFORMA and EL NORTE, 74 percent of the population of Mexico City wants the Mexican Government to turn down the $40 billion worth of loan guarantees the United States is offering.

The same poll taken in Monterrey, Nuevo Leon, shows that 54 percent of those polled disagree with the guarantees, while 82 percent of economic and finance specialists in those two cities endorse the U.S. package.

In Mexico City 78 percent of the respondents and in Monterrey 64 percent distrust President Zedillo's pledge to not accept any conditions that would undermine national sovereignty in exchange for guarantees the government of President Bill Clinton is negotiating on behalf of Mexico on Capitol Hill.

Only 18 percent of the population of Mexico City and 31 percent of Monterrey trust that if the guarantees are approved the nation's resources will not be turned over to foreigners, a renegotiation of the free trade agreement will not be accepted, and Mexico's foreign policy will not be modified.

More poverty and inflation and a greater devaluation of the peso are likely to result despite an approval of the guarantees, according to 64 percent and 50 percent of the population of Monterrey and Mexico City, respectively.

In Mexico City 28 percent of those polled think the guarantees will benefit the country in the long run while 66 percent think they will be harmful.

In Monterrey 35 percent of the respondents believe the guarantees will be beneficial and 51 percent that they will be harmful.

Although people in both cities oppose a possible privatization of public companies such as Pemex [Mexican

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Petroleum], the Federal Electricity Commission, and the National Railways of Mexico, opposition is stronger in the capital.

A poll conducted among 40 economic and financial executives from companies and institutions in the two cities shows that 34 percent of the respondents agree that the neoliberal economic model should be maintained.

Another 32 percent replied that it should be maintained with certain modifications, while 29 percent said it should be replaced.

According to the economic experts, the main goals of the economic program for 1995 should be to control inflation, reduce the trade deficit, and revive economic growth.

Greater stability and trust among foreign investors would be the benefits of the approval of the guarantees for Mexico, according to 20 percent and 23 percent of the executives consulted in the country's capital and the capital of Nuevo Leon, respectively.

The executives graded the performance of Guillermo Ortiz Martinez as secretary of finance and public credit at 7.54 on a scale of one to 10 and his speech before the Chamber of Deputies at a 7.06.

Government Requests $7 Billion IMF Credit

PA3101021495 Mexico City LA JORNADA in Spanish 27 Jan 95 pp 8, 15

[Report by Juan Antonio Zuniga M.—words in italics as published]

[FBIS Translated Text] The Mexican Government has requested a $7.575 billion contingency credit agreement from the IMF with a floating rate under an 18-month term. These resources will serve to support the government's economic stabilization program by directly and fully supplementing the international reserves of the Bank of Mexico [Banxico], which could use the funds to stabilize the financial market or perhaps even amortize Tesobonos [treasury bonds].

This is the fifth time within the past three six-year terms that Mexico has resorted to asking this organization to help offset an imbalance in its balance of payments prompted by a current account deficit, despite the application of strict economic measures that are compatible with IMF recommendations.

The Mexican request, disclosed yesterday by Guillermo Ortiz Martinez, finance and public credit secretary, establishes that the IMF will review on three different occasions the economic policy results that will be applied in the country during the term of this line of credit.

The resources the IMF would supply—equivalent to 300 percent of Mexico's investment in this fund—would be supplemental to the $18 billion that will comprise the Exchange Stabilization Fund made up of $9 billion from the U.S. Treasury and Federal Reserve, $1 billion from the Bank of Canada, $5 billion from the governments of the Payments International Bank, and $3 billion from commercial banks.

The secretary of finance announced that if the measures implemented fail to generate the expected results during the first half of the year, in the second half additional cutbacks will be made in public spending and internal credits will be further reduced.

At the IMF, Once Again

During the duration of the agreement, the Mexican Government will consult with IMF Director Michael Camdessus "on the adoption of measures that may be appropriate." In addition, he pledged to provide this organization with "the information it requires to evaluate the progress of the implementation of the program and the accomplishment of its objectives."

In addition to the aforesaid consultation, Mexican financial authorities have proposed three modifications to the measures adopted for the evaluation of the results.

One would take place in July of this year and would focus on the progress made regarding the stabilization of the exchange and financial markets, the behavior of prices, and the evolution of public finances.

Another would be made in November and would center on both the 1996 budget and the establishment of implementation criteria for March and June of that year. The third would be made in May of 1996.

Financial Stability Rather Than Reducing Poverty

During the same ceremony, Banxico General Director Miguel Mancera Aguayo read the *Memorandum of Economic Policy* that accompanies the request presented before the IMF, which summarizes the losses and strategies proposed to repay them.

He reported that the amount of the short-term debt that matures in 1995 is $35 billion, of which $17 billion are Tesobonos and $18 billion are liabilities in foreign currency at Mexican commercial banks.

Mancera, who has participated in nearly all of the agreements with the IMF as head of Banxico, affirmed that Mexican authorities "are firmly committed to avoiding any measure that may limit the convertibility of the new peso in the exchange market." He warned, "If in light of inflation during the year Banxico considers that the attainment of the inflationary goal may be in danger, it would slow the growth of internal credit in an effort to attain the goal."

Mancera also announced Banxico "plans to eliminate certain regulations that prevent investors from protecting themselves against exchange risks without the government's intervention in the context of the flexible exchange system." The official stressed that the

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"Exchange Stabilization Fund will not replace the conventional financing of the balance of payments and will not be used to avoid required adjustment in the policies."

The *Memorandum of Economic Policies* attached to the credit request presented to the IMF states that Mexican authorities commit themselves to carrying out privatization and concession operations which are expected to generate approximately $6 billion in 1995 and from $6 billion to $8 billion in the following two years.

In the note, the Mexican Government tells the IMF that the executive branch has presented several legal reforms to Congress which would allow greater foreign participation in the national banking system—greater than that established under NAFTA.

Mancera said, "GNP growth of about 4 percent by 1996 will be possible" with a continuous and quick increase in exports and the expected recovery of foreign investments. "The government and Banxico are committed to promoting wise financial policies that include achieving a fiscal surplus by 1996," and these policies are designed to strengthen the foundations of this recovery effort and contribute to reducing annual inflation to single digits.

The *Memorandum* addressed to the IMF states: "The government recognizes the need to reduce poverty and improve the standard of living of the Mexican people. It also agrees to increase social spending substantially, once economic stability is attained."

The problem the country faces is once again labeled "a short-term financial crisis triggered by the devaluation of the peso." The note also informs the IMF that the government's proposed economic plan includes steps to stabilize the financial markets, ensure that the devaluation will help reduce the disparity with foreign markets, and "reinforce the Mexican economy's already sound foundations."

Business Leader on Peso Crisis, Economy's Future

OW3001124395 Tokyo MAINICHI SHIMBUN in Japanese 27 Jan 95 Morning Edition 11

[Interview with Valed Lopez, chairman of the Mexico International Economic Council, by correspondent Yoshiyuki Watanabe in Mexico City; date not given—first paragraph is MAINICHI SHIMBUN introduction]

[FBIS Translated Text] One month has passed since the Mexican peso was devalued. The monetary crisis in Mexico is sending out ripples, impacting on the emerging market [preceding two words in English] of the world. I have asked Valed Lopez [name as published], chairman of Mexico International Economic Council (CEMAI), about the Mexican crisis. The CEMAI is the "Keidanren [the Federation of Economic Organizations of Japan] of Mexico" and has great influence over the Mexican Government.

[Watanabe] What has caused the monetary crisis in Mexico this time?

[Lopez] For the past eight years (since the foreign debt crisis), Mexico has put efforts into the nation's economic modernization, opening up markets, privatizing state-run corporations, deregulating regulations, bringing in foreign investments, and fighting inflation. But as a result of the rise in U.S. interest rates, Mexico's current-account balance-of-payment deficits increased, and the peso was driven into devaluation. I think the peso was overvalued compared with its actual value.

[Watanabe] How is this crisis different from the debts-caused monetary crisis of 1982?

[Lopez] In those days, the nation depended on oil for most of its revenue. Now petroleum products account for less than 30 percent of the country's exports. The country exports many industrial products, like automobiles, and the economy is no longer petroleum-dependent. In addition, there are the benefits from the North American Free Trade Agreement (NAFTA).

[Watanabe] How do you think Mexican industry will overcome the current situation?

[Lopez] There are problems in the short term, but they can be overcome. Our country has big potential for economic growth. We expect to receive assistance from the United States, Japan, and Europe, and we think the exchange rate will stabilize. We had an exchange crisis in 1954, too, and that was overcome in 20 years. The country has the experience of having pulled out of crisis. I think it will once again.

[Watanabe] What do you want from Japan?

[Lopez] We hope to have the assistance of private corporations as well as that of the Japanese Government. We hope the corporations will not only make financial investments in securities, but also make direct investments [in capitalization] as Nissan Motors has done. We also want to increase exports to Japan.

[Watanabe] Some people assert that self-help efforts are lacking.

[Lopez] The Mexican Government has already announced an emergency economic plan, presenting tough conditions like setting the exchange rate at 4.5 pesos per dollar. There will be some sacrifices, but the plan must be implemented by all means. Particularly, privatization [of state-owned corporations] is necessary for the companies to be able to compete in big markets.

[Watanabe] Your outlook may be too optimistic?

[Lopez] I am confident the economy will recover in the long term. But the critical preconditions to that are that there should be continuity (in investments and so forth) and discipline (in economy).

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Coparmex Urges Government To Adopt Specific Strategies

PA2701222795 Mexico City EL FINANCIERO in Spanish 23 Jan 95 p 36

[Report by Isabel Becerril]

[FBIS Translated Text] The Mexican employment sector yesterday urged the government to implement six strategies that, in its opinion, are necessary to lift the country out of the economic emergency, strengthen the economy, and save businesses (thereby saving millions of jobs as well).

According to the Employers Confederation of the Mexican Republic (Coparmex), the following issues are urgent for the government:

A. Reduce prices nationwide;
B. Establish a deadline by which the authorities' promised tax simplification project will be concluded;
C. Reduce fiscal and regulatory taxes, particularly those that affect the creation and retention of jobs;
D. Privatize infrastructure linked to the creation of new job sources;
E. Restructure prices without turmoil, allowing for freedom and unambiguous agreements, and
F. Make the Agreement of Unity To Overcome the Economic Emergency a short-term accord.

Concerning fiscal affairs, Coparmex, which is chaired by Antonio Sanchez Diaz de Rivera, demands that the authorities apply a simplified tax system on small and medium-sized taxpayers, regardless of their activities.

It also calls on financial authorities to implement immediately a tax system that promotes production and to change the current system taxpayers must follow in filing tax returns.

Coparmex recommends changing the nature of the requirements for tax deductions to broaden deductions for all taxpayers.

It further suggests that the special production and service taxes be deductible and regulated along with the value-added tax, because they constitute actual consumer taxes, because the people who ultimately pay these taxes are the consumers.

Coparmex also proposes that the government take the following steps to strengthen the democratic and institutional system and to eliminate the atmosphere of uncertainty pervading the political arena:

A. Conduct dignified political negotiations that are reasonable for society, even if they do not satisfy those political groups exerting pressure to obtain a share of power without considering the cost that this destabilization entails for millions of Mexicans.

B. Strengthen the political agreement, which implies implementing the agreement, as well as setting specific deadlines that satisfy society, and ensure that the political parties abide by the agreement.

C. Hold clean elections in 1995, and

D. Seek postelectoral solutions in keeping with the laws and with respect for the sovereignty of states.

In its document, Coparmex also mentions the "1995 Regional Forums: For a Mexico of Realism and Hope." To set up these forums, the members of Congress will hold working meetings, the results of which will be sent to the cabinet members, the president of the republic, and the general public, "because we believe in participative democracy."

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El Salvador

Defense Minister Views Actions by Demobilized Soldiers

PA2801032995 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 26 Jan 95

[Report by Jaime Asencio from the "Sonora Newscast"]

[FBIS Translated Text] No one was surprised by the actions taken by demobilized Armed Forces members who demanded the delivery of land and compensation payments as called for in the peace accords. [Words indistinct] Defense Minister General Humberto Corado Figueroa explained he knew beforehand of the actions that were planned, which, after they were carried out, he called a destabilizing and manipulated by sinister forces.

[Begin recording] [Corado] If, in fact, we knew about these movements, we did not think these people would act in the violent way they did We believe that their actions were absolutely illegitimate and we have tried to remain cautious to prevent further damage to the country's stability and loss of life.

That is why we have acted in a very prudent and cautious manner. But I believe that, above all, we must respect the Constitution and the laws of the Republic. I believe this type of incident must not occur in the future. If it happens again, I believe that the Salvadoran state, its government and institutions, has the right to reestablish order in any way we see fit, but always keeping in mind the general welfare and well-being of the people.

I repeat once more, so far we have been extremely patient and prudent to prevent greater damage. Nevertheless, I think the time has come to deal with this situation in strict adherence with the laws of the Republic.

[Unidentified moderator] Mr. Tony Mineros of "The News" would also like to ask a question.

[Mineros] Mr. Minister, could you be a little more specific when saying the Army is investigating who may have masterminded the Adefaes [Association of Demobilized Armed Forces Members] actions? I would like to ask you to clarify your remarks that there are trends that have been defined. This is not very clear. Based on the agreement between political parties and the president to investigate who is behind this, to what degree has the Army determined who masterminded the Adefaes actions?

[Corado] I do not want you to make me mention names, because I do not want to act irresponsibly. We are still in the process of investigating this case further.

You must rest assured that there are sectors interested in destabilizing the country for political benefit. When we have a strong case based on our knowledge of this situation, we will not hesitate to report this information to the Salvadoran people. [end recording]

The defense minister remarked that the action carried out by Army demobilized members on Tuesday and Wednesday [24 and 25 January] of this week is the last one to be tolerated, because future actions will be dealt with as stipulated in the Constitution.

Meanwhile, Humberto Corado Figueroa blamed reporters for blowing the problem of the demobilized soldiers out of proportion, thereby fueling a political crisis that threatened the peace accords.

PNC Dispute Hinders Fight Against Drug Trafficking

PA2801044495 San Salvador Canal Doce Television in Spanish 0100 GMT 24 Jan 95

[Report by Gandhi Montoya from the "Up-To-Date Newscast"—passages within quotation marks recorded]

[FBIS Translated Text] The struggle against drug trafficking in El Salvador has been suspended because of a labor dispute within the National Civilian Police [PNC]. This morning all policemen of the Narcotics Division went on strike to protest the firing of 71 agents of the division.

The dismissal of 71 members of the Narcotics Division was revealed on Friday [20 January]. Among them were three deputy commissioners, four inspectors, and seven sergeants. This generated ill feelings among the remaining members of the division who stopped work on Monday.

[First unidentified speaker] "The borders are unguarded. The airport is unguarded. Santa Ana, (Atautla), and San Miguel are also unguarded. There are no narcotics personnel there."

The head of the Narcotics Division also shares the resentment of his fellow workers. Even though the dismissals were based on evaluations, he believes the way in which the dismissals were carried out was not the most appropriate, especially the timing.

[Head of Narcotics Division] "Over a year ago, all of the division's personnel were evaluated. If the staff had not met the minimum standards at that time, I believe that would have been the moment to say who would be accepted into the PNC and who would be turned away. Now, after nearly one and one-half years of work, they come and dismiss these people. I believe they are very responsible and that their demands are just."

In this new conflict there is talk of external pressure working for the abolishment of the Narcotics Division, pressure which according to policemen could even be coming from ONUSAL [UN Observer Mission in El Salvador].

[Head of Narcotics Division] "There are people who want this division to disappear because of the war we have been waging against crime and, in particular, against drug trafficking. It is common knowledge that

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the PNC does not have the capacity and that it is too new to carry out an efficient war against this evil.

[Second unidentified speaker] "We are stopping the flow of drugs here. We have arrested an ONUSAL member for drug trafficking, and perhaps this is what upsets these gentlemen most."

Members of the Narcotics Division of the PNC declined to comment on what kind of actions they would take if the government does not meet their demands within a short period of time. For the moment, members of the Criminal Investigation Section, the Scientific Laboratory for Criminal Investigation, and the Anti-Kidnapping division of the PNC support the strike, therefore, the country is currently lacking about 600 agents in its struggle against drug trafficking and crime.

Guerrilla Group Pledges To Fight Economic Measures

PA3001053595 San Salvador DIARIO LATINO in Spanish 25 Jan 95 p 24

[FBIS Translated Text] A new guerrilla group, the second to emerge since the signing of the peace accords, has called on the people to organize against the government's economic measures.

The new group, which joins the Jesus Rojas Commando Units [Comandos Jesus Rojas], calls itself Guerrilla Unity [Unidad Guerrillera, UGS]. Both groups agree that force is needed to "attain democracy and social justice."

UGS Unity vows it will fight privatization, the government's economic package, and increases in transportation fares, as well as increases in ANDA [National Administration of Waterworks and Sewers], Antel [National Telecommunications Administration] and CEL [Lempa River Hydroelectric Executive Commission] rates. It will also fight corrupt members of Arena [National Renewal Alliance] who "want to hand over the nation's wealth to multinational companies and the golden circle [not further identified]."

"We urge them not to continue scorning the interests of the people. UGS is willing to continue the armed revolutionary struggle," states the communique.

Guatemala

Spokesman on UN Invitation To Resume Talks With URNG

PA3001195995 Mexico City NOTIMEX in Spanish 0134 GMT 28 Jan 95

[FBIS Translated Text] Guatemala City, 27 Jan (NOTIMEX)—A Presidency spokesman has stated that the Guatemalan Government knows nothing about a UN invitation to travel to New York City, site of UN Headquarters, to look into the reactivation of the peace process in this country.

Felix Loarca Guzman, the public relations secretary of the Presidency, told NOTIMEX: "We have had no official word regarding a UN invitation."

He said that "in any event, this is a good opportunity to reiterate President Ramiro de Leon Carpio's willingness to sign a peace agreement as soon as possible."

Loarca Guzman said that the government, in keeping with the position presented during the course of the negotiations, is symphathetic toward and will abide by any UN dispositions aimed at securing peace.

According to UN sources, the representatives of the De Leon Carpio administration and the Guatemalan National Revolutionary Unity (URNG) should travel to New York City next week following UN Under Secretary General Marrack Goulding's failed efforts to reactivate the peace negotiations.

This morning, an official UN spokesman said in New York City that since the efforts to convince the Guatemalan Government and the URNG to renew the peace talks had failed, the two parties are being invited to come to New York City to "make a new attempt."

The measures contained in the UN plan are not known, but according to diplomatic sources they are aimed at making the URNG stand more flexible. The URNG is very reluctant to renew the dialogue, which came to a standstill in December.

Meanwhile, humanitarian and popular organizations in Guatemala today issued a warning about the risks of a "complete standstill" in the negotiations process in the event the new efforts to be made next week at UN headquarters are similarly unsuccessful.

Amilcar Mendez, the leader of "Rujunel Junam" Ethnic Communities Council (CERJ), said that the fact that the government and the URNG are going to the United Nations to discuss the peace effort is "encouraging."

Mendez said: We hope the UN call will help the talks resume as soon as possible, and that commitments will be reached toward the signing of a definitive peace agreement in the short term. The talks came to a standstill toward the end of 1994.

The CERJ leader, who is one of the top peasant leaders in Guatemala, said that as long as the contacts continue—to a lesser or greater degree—between the government and the URNG, there will be hope for peace.

He added that it is positive to resort to whatever mechanisms are needed to promote the dialogue and bring the talks to fruition. In October 1994 the talks hit a snag when indigenous issues were being discussed.

Mendez said that if the UN efforts were to fail this would be a "disaster" and we would be close to a definitive rupture in the peace process.

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Mario Polanco, a leader of the humanitarian Mutual Support Group (GAM), said that the UN's direct action is warranted because neither the guerrillas nor the government have the political will to sign a peace agreement.

Polanco added: We Guatemalans realize that the two parties are negotiating without a real desire to fulfill the agreements, and that this is hindering the achievement of a definitive peace agreement.

Polanco said that the United Nations must play a decisive role in the immediate reactivation of the peace process, because otherwise there is the possibility that the entire process might fail.

For its part, the Central American Parliament (Parlacen) today urged the De Leon Carpio administration and the URNG leaders to reinitiate the peace dialogue.

On Monday and Tuesday UN Under Secretary General Goulding visited Guatemala for the purpose of presenting to the government the UN proposal to resume the talks and help the peace negotiations.

On Wednesday the UN plan to "jumpstart" the process and bring a halt to the armed conflict inside Guatemala was presented to the URNG rebel commanders in Mexico.

The UN efforts are aimed at bringing to an end the oldest and only surviving armed conflict in Central America, which has caused more than 175,000 deaths in 34 years.

Mexico Postpones Electric Power Network

PA2801034795 Mexico City NOTIMEX in Spanish 1548 GMT 26 Jan 95

[FBIS Translated Text] Guatemala City, 26 Jan (NOTIMEX)—The Mexican Government has notified the Guatemalan Government that it will be impossible, in the near future, to set up an electric power network with this Central American country, according to reports released here today. The network had been scheduled to go on line within the coming months.

Guillermo Rodriguez, president of the National Institute of Electrification (INDE), told the local media that he received a letter from the Mexican Government notifying Guatemala that the agreement had been suspended, adding that no additional details were given.

Rodriguez said Mexico's decision might be based on the austerity program now being implemented by the Mexican Government as a result of the financial crisis it has been confronting since December, following the Mexican peso's devaluation.

The INDE president explained that the program has not been discarded altogether. Instead, it has been postponed until the Mexican Government is capable of implementing it. The project called for the purchase of nearly 200 megawatts of electricity from Mexico, which would have enabled Guatemala to extend power service throughout its national territory. Currently, service only reaches 30 percent of the population.

URNG Denies Responsibility for Attack on Power Pylon

PA2701195595 Guatemala City PRENSA LIBRE in Spanish 25 Jan 95 p 3

[FBIS Translated Text] The Guatemalan National Revolutionary Unity [URNG] yesterday denied responsibility for the blowing up of power pylon 134 in Purulha, Baja Verapaz.

The organization said the attack was carried out to create an excuse for imposing more rationing.

Francisco Villagran, of the URNG Political-Diplomatic Commission, said in Mexico: We are not certain who carried out the attack, but it is easy to believe that it was directed at discrediting the rebels in the eyes of the people.

Villagran said that whenever the URNG carries out an action, the general command quickly claims credit for such action, but in this case, he noted, the attack was carried out to blame the rebels.

I think this problem is related to the government's plan to privatize the generation of electricity because many interests are involved in this project.

Likewise, the blowing up of the tower could be linked to government sector attempts to justify an electricity bill increase by promoting rationing of the service to trouble the population, Villagran said.

Electricity service is a resource very useful to the economy, industry, commerce, and to Guatemalans in general. So this action could have been aimed at justifying increases and producing more earnings, Villagran stated.

According to a CERIGUA dispatch with a Mexico City dateline, Pablo Monsanto, member of the URNG General Command, has also rejected the participation of the rebels in the attack on the power pylons in the country's north.

The rebel chief also denied statements by Guatemalan Defense Minister General Mario Enriquez who linked the URNG to the attack carried out early yesterday morning.

Monsanto, leader of the Rebel Armed Forces, said it is significant that such actions were carried out while UN Under Secretary Marrack Goulding was in the country.

Vice President Remarks on Attack

PA2701200895 Guatemala City Teleonce Television in Spanish 1900 GMT 25 Jan 95

[From the "Telepress" newscast]

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[FBIS Translated Text] Vice President Arturo Herbruger Asturias said today that rebel factions outside the control of the leadership of the URNG [Guatemalan National Revolutionary Unity] could have been behind the dynamite attack on the power pylons. Herbruger commented on the statement by URNG leader Pablo Monsanto who denied his organization's responsibility in this terrorist attack.

[Begin recording] [Herbruger] This attack was obviously launched by a guerrilla group. We must realize there are several rebel groups. In Mexico, the URNG denied they are responsible, but they make up the leadership and do not know what [word indistinct] here. I believe a specific rebel group was responsible for this terrorist act in Baja Verapaz.

[Reporter] How could this situation occur at the same time that a UN mission is visiting the country?

[Herbruger] Guerrillas engage in this sort of action to show their presence. They even leave fliers behind to let people know who is behind the actions. This is similar to the current situation in Israel: those Muslims who do not agree with the peace process are engaging in terrorist acts and have no objection to revealing their identities.

[Reporter] The church reiterated today its proposal to establish a truce while negotiations are under way and to extend the mandate of the UN Mission for Guatemala so that it can verify this truce. Do you believe this proposal could be viable?

[Herbruger] I believe—and I have said this for a while—that a truce is necessary to sign a peace agreement. When two armies are fighting and a peace proposal is being considered, there must be a truce to have peace, therefore, I believe the church is right to ask for a truce. I hope the guerrillas in the countryside accept a truce, however, there are too many groups involved. There are about five or six rebel groups, which are presumably members of the URNG, but no one knows the truth.

[Reporter] Do you believe that the URNG's denial of the attack proves that there is no hierarchy and that the commanders are not heeded?

[Herbruger] There is undoubtedly a division within the URNG. That is the word: a division.

[Reporter] Would these groups break up if a peace agreement is signed?

[Herbruger] I am afraid a peace agreement will be signed as a result of international pressure, and certain rebel groups in the countryside will not accept an agreement signed by the URNG just as some Palestinians did not accept the agreement signed by 'Arafat.

[Reporter] What do you think about the accusations made against Colonel Fernandez Ligorria?

[Herbruger] I believe these accusations, which were made by a former guerrilla, are nothing new. Despite the fact that this former rebel availed himself of the amnesty, he maintains his old behavior and seeks to tarnish the National Army by making controversial charges that are unbelievable.

[Reporter] Do you believe Danilo Rodriguez still has ties with the URNG?

[Herbruger] I cannot answer that because I do not know, however, it is possible. [end recording]

Honduras

Reina Opens Legislative Sessions

PA3001200595 Tegucigalpa Voz de Honduras Network in Spanish 1744 GMT 25 Jan 95

[Address by President Carlos Roberto Reina to open the National Congress regular session at the Congress building in Tegucigalpa—live]

[FBIS Translated Text] [Announcer] In accordance with a political decision made by the PNH National Party of Honduras Central Committee, all the PNH deputies began leaving the premises immediately after the national anthem was played and a decree was signed opening the new session. Alternate members of the Liberal Party of Honduras [PLH] are occupying the seats, but many are still vacant. This is considered a rebuff of the president of the Republic, who will now give his address.

[Reina] I deplore this situation. I see no reason why any member of the legislature should leave the premises under an absolutely legitimate government which supports a legal state. Let history be the judge of this. [applause]

Honorable Chief Justice of the Supreme Court; Honorable Supreme Court Justices; Messrs. Presidential Designates; Your Excellencies Messrs. heads of diplomatic missions accredited to the Honduran people and Government; Mr. Commander in Chief of the Honduran Armed Forces; Messrs. Members of the Senior Council of the Armed Forces; Messrs. Members of state organizations and the Attorney General's Office; Honorable representatives of international organizations; Messrs. Members of the autonomous and semi-autonomous agencies; Mr. Central District Mayor; Madame Governor of Francisco Morazan Department; Honorable Deputies; Special Guests; Members of the Media; and Ladies who celebrate today the anniversary of their recognition as citizens, I use the opportunity to send my heartfelt greetings to all Honduran women through you. [applause]

Honduran people, let my opening words be the harbingers of very important legislative work in the 1995 legislative period. The goals achieved last year will be surpassed by the plans prepared by this honorable representation of the people. These plans deal with constitutional rights—the right to defense, habeas corpus—

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and the constitutional court, the ratification of a voluntary and educational military service, the new Police law, the labor code, and the legal organizations required for state modernization, a goal we strive to achieve. This institutional development will undoubtedly allow the republic to strengthen and modernize its legal system.

I am pleased to send a similar message to His Excellency the Chief Justice of the Supreme Court, given the legal and administrative reforms of the branch under his authority. These reforms foreshadow the prompt, impartial, and wise management of justice in the short term.

Mr. President, Messrs. Deputies, on 16 December I stood at this august podium, which is symbolic of our people, to recount the situation in which we found the country. On that occasion I gave a great deal of information on the people's living conditions, the main variables of the national economy, and the most important problems we had to discuss and solve to put Honduran society on the road toward true sustained development.

I particularly mentioned corruption and ways to fight it; the management of justice; the threats to the safety of people and their assets; and the need to give a human face to state actions regarding the thousands of problems that Hondurans face.

I will now talk about the present. My report on activities in 1994 essentially referred to what we found and what we had to do to prevent things from becoming worse. I come here now, with the usual objectivity, to talk about what we must do in 1995 to attain higher levels of development.

I will talk about the safety of people and their assets, first of all, because that safety has been very much threatened. Like I said in my New Year's message, we are aware of the degree of intensity that crime has reached in our country. The people's safety is seriously threatened, both at home and on the streets, by organized criminals who act with disregard for life and the highest values of our society.

Given this deplorable situation, we have called an ad hoc commission, to be chaired by Monsignor Oscar Andres Rodriguez, to carry out an agenda that enables us to fight crime in an overall and coordinated manner. This means that in addition to fighting criminal actions, we will get to the very bottom of these actions so both the punitive and preventive actions allow our citizenry to live an orderly and united coexistence.

In addition, the president of the National Congress and its permanent committee have appointed a very special commission to see that this state branch takes specific legislative measures to fight crime in its various forms, among other things.

Moreover, I have instructed the Armed Forces, in my role as commander general, to turn facilities previously dedicated to military activities in Lepaterique and Marcala into reeducation centers for juvenile delinquents, whose participation in criminal actions is reaching alarming proportions. These centers will be managed by the National Board for Social Welfare and will be protected by the police force.

Let us now discuss the fight against poverty, which is another of our government's key objectives. Once we begin to control inflation and our currency's devaluation, the purchasing power of salaries will improve substantially. With this action, we have launched our campaign against poverty and have improved the purchasing power of real salaries. Given the inflation and devaluation we inherited upon taking office, salaries are readily overpowered by inflation. The stability achieved actually increases people's purchasing power. The reduction of poverty level, particularly oppressive, extreme poverty, demands enormous efforts from all of society.

I want to stress that, as we said in our government plan on economic and social matters, the fight against poverty will remain one of the key objectives of the current administration in 1995. We cannot deny that last year, the economic situation and the state of public finances forced the government to tackle short-term problems. But this was absolutely necessary; otherwise we would not have been able to create the conditions to begin the medium and long-term actions that must be taken in any effective fight against poverty.

To this end, increasing production of goods and services is the first task to tackle in the coming months. It is impossible to expect the people's living standards to improve if we lack a fully operational productive apparatus. This is why we have drafted an entire special basic grains program. This program is very significant and unprecedented; not only will it supply domestic consumers, it will also generate a surplus for export. With this program, Honduras, at least under my administration, will not have to import basic grains to feed its population. It will be self-sufficient.

We are also in the process of drafting a policy for livestock development, milk as well as meat, the national shortage of which has stagnated the sector's improvement and distribution of these products to Honduran homes.

Messrs. Deputies, rest assured that the improper behavior of those who, while taking advantage of the government's good faith, resort to this kind of policy and these resources to reap personal benefits will not recur. Within the next few days, I will be informing the Honduran people of the dimension and scope of this new basic grain program. We recognize that small- and medium-sized producers, from both the countryside and the city, play a significant economic role in the national conglomerate. Their contributions to the GDP and to the creation of jobs, as well as their low demand for imported raw materials, demand the implementation of a special and strong action aimed at this sector, action

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that my government, along with the labor organizations themselves and the national and international cooperation agencies, will begin enacting this year.

The plan for agricultural development of the countryside, devised by the Natural Resources Secretariat, emphasizes all these aspects of national development. The social gap is an issue that the entire government and society must address.

The Social Cabinet will coordinate implementation of specific social policies. But overall economic policy should assist in covering any shortcomings and try to reduce extreme social imbalances. On the one hand, such differences are an insult to human dignity. On the other, they are a detonator for dangerous social explosions. Within this framework, which is directed at eliminating extreme poverty, whatever the cost, we should now define specific efforts assigned to the Honduran Social Investment Fund [HIS] and the Family Allotment Program, PRAF, [Programa de Asignacion Familiar].

The first of these two entities, better organized now under the direction of Manuel Zelaya Rosales, will direct its main efforts at programs for social infrastructure and basic needs. It will reinforce informal economic support programs and continue plans for credit and technical assistance to microbusinesses. A crucial task for FHIS will be to improve the living conditions of those who live in extreme poverty. There must be no limit to creativity and effort in this area. FHIS will invest just under 1 billion lempiras in its programs. PRAF must enhance its work to help these heroic women, who, without the help of a responsible father, feed their children as best they can. Their children are the children of Honduras and are our own countrymen. PRAF must help them overcome the consequences of the economic adjustment and poverty-fighting measures. It must enhance its efforts in favor of sustainable human development, which is the challenge of our day and age. [applause]

PRAF will invest about 200 million lempiras in this task. We will have additional funding through donations from foreign governments and institutions, friends of Honduran democracy. During the years to come, 1996 and 1997, FHIS, PRAF, and other programs directly related to the problems that create extreme poverty will be infused with new strength to better meet the enormous challenge of reducing poverty and closing the insulting breach between the rich and the poor. When left to widen, the gap leads to the tragedies we have seen in neighboring countries.

The agricultural plan is directed at development in the fields. It includes special policy measures to overcome obstacles that impair development of Honduras' agricultural sector. As part of its plans for this year, the government will award 35,000 land deeds comprising a total of 840,000 hectares. This will reduce social tension in the fields. The government plans to provide technical assistance for basic grain production over a total of 160,000 manzanas. The objective is to increase harvest yields of previous years. We will distribute a total of 1.5 million fish fry for breeding and produce an additional 1.7 million fry.

We are talking about pisciculture. We will produce 800,000 pounds of fish, 60,000 pounds of shrimp, and 48 million shrimp larvae for their subsequent development. We have ordered an updated inventory of the country's irrigation systems and will help in the construction of new systems. This effort will increase land production, one of the major problems we have faced in the last few years.

Regarding wages and prices, as everybody knows, the minimum salary was recently increased 20 percent. We are aware that this minimum salary must be subjected to periodic revisions to basically attune it to the real cost of living. The government over which I am presiding recently laid the foundation for real national salary policies, which will be included in an overall plan we will begin implementing this year. For the time being, the Council of Ministers has issued an executive decree stating this commitment to devise said salary policies this year and emphasizing strict compliance with the corresponding regulations included in the Labor Code. These regulations address the rights and duties of the central government's official unions and also pertain to the unions in the decentralized institutions. We must insist that the requests for salary hikes, which are almost always justified, must not conspire, as far as the public sector is concerned, against investments and the offering of services. More important yet, these salary hikes must be agreed on through national dialogue, while understanding the country's economic situation and the priorities of other sectors of society.

We understand that salary hikes in all the country's activities must be in proportion to price structures, at least to that of the family basket, to ensure that we will not fall into inflationary spirals or speculative action by producers. This is why we need new knowledge about the relationship between work and capital. It is obvious that the achievement of this promising goal is possible only by achieving agreement between the interests at stake. Businessmen and wage earners alike must understand that the country's interests, as well as the living conditions of most Hondurans, go beyond their personal or union interests. Other nations have understood this priority and have adopted plans for the interrelation among sectors, perhaps because they realized that if they failed to do so, the country could be ruined. There is no reason whatsoever why Honduras cannot do what other neighboring states have done. The country's problems are not solved by declaring strikes and by walking out of a parliament's plenary session. [applause]

The government always remains open to talks and reaching an agreement is one of the essential guidelines that we will follow throughout my presidential term. I am proudly informing this sovereign and national Congress of the recent signing of a convergence pact with the

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country's peasant organizations, which have remained united without artificially crafted divisions to work together with the government and other producers to begin implementing an agricultural recovery plan.

Energy tax: With legitimate pride that I am sure is shared by Congress, its various benches, and the people, I am happy to report that the energy crisis was resolved in only 11 months. We will continue adopting all the necessary measures so that there will not be any more rationing of electricity in our fatherland. In 1995, the people will have electricity 12 months, 365 days a year.

To summarize, the tasks ahead are: Satisfy a growing demand for energy by decentralizing [45-second break in transmission at source] to achieve this and reduce energy waste, effective mechanisms will be introduced this year. Energy costs the Honduran people millions of dollars.

The project to establish electricity connections with El Salvador as part of the Central American energy exchange program is one step we will adopt this year, a step toward Honduras' energy security, we might say. This year Honduras will have at its disposal 604 megawatts to satisfy a demand for 506 megawatts.

The demand for electrical energy grows at a rate of 10 or 11 percent. This represents a need for annual bolstering of the country's capacity to generate and distribute electricity.

In 1993, Honduras generated 480 megawatts. What we have available now represents an increase of 124 megawatts, more than one-third the potential of Honduras' largest dam, the Francisco Morazan Dam.

As far as infrastructure goes, the 1995 goal for investment in roads consists of the construction or rehabilitation of 232 paved roads, the construction or rehabilitation of 1,690 linear meters of bridges, maintenance work on 2,128 km of unpaved roads and on 135 km of paved roads throughout the republic. We will also continue building highways in the country's north. We will continue road-marking projects to complete programs for roads and large cities.

This same year we will finish the construction of the new Camara Penitentiary, as well as the remodeling of the National Fine Arts School. We will build the artisans market in (Suyapa) and plan to do 82 percent of the work on ring road surrounding the capital city.

We will continue improving ports, especially those in San Pedro Sula and Roatan.

We will submit to Congress a bill to reform the transportation law and will complete the study of urban transportation.

There is really a lot of information on infrastructure. The document I am delivering to Congress includes not only positive issues but also complementary documents for analysis by Congress.

Turning to education, I believe that in addition to all the information that I could give you and that which is included in this report, the essential value here is that of the Morazan School, that is, the name of Morazan creates the spirit that makes Honduras literate. From now on, each of us must begin doing his part to help the 44,000 teachers who committed themselves to creating a literate Honduras before the year 2000. This is another big step for our country. [applause]

As for health, another priority for our government, we will build approximately 1,000 water wells and more than 140 aqueducts to preserve health. We will build 105,000 graves for human remains. All these efforts also imply 12 more water purification plants and 37 [word indistinct] centers. Through the National Social Welfare Board, nutritional services will be offered to approximately 50,000 children and 6,000 nursing mothers.

That was the end of the health report; we will now discuss the housing report. Thanks to coordinated efforts by many state organizations, in 1995 we expect to build 19,000 houses worth approximately 300 million lempiras in the countryside. The goal of 50,000 houses that I set during my campaign will be achieved before the fourth year of the government of moral revolution. [applause]

There are many achievements in culture too. First we had to dust off the national identity and instill a true sense of pride in it. We wanted to go back to what was ours and to know that the fatherland's grandeur lay within this identity. I sincerely congratulate the culture minister, because Tegucigalpa is already feeling the presence of the real Honduras in those museums and works. Our Honduras. [applause]

The environment is the paradigm of today's discussions. I believe that by preserving this environment and thanks this alliance for sustainable development that all the Central American countries struck, we will be able to develop ourselves while preserving our major resources. We can live off of our resources without destroying the forests and the sources that could feed this development. Fighting corruption also contributes to this development, because corruption was changing our fatherland into a desert. [applause]

We are still determined to transform the country's production and industrial apparatuses. We have two basic objectives: modernize the technology we use and its managing system and improve production to help establish our industrialists on a competitive basis in the open markets that are now being promoted. Small and medium-sized industries deserve special attention as cells for broader development and sources of jobs. This reason is why they require the drafting and implementation of industrial policies, which the government's technical cadres working at the many institutions linked to this sector are already doing. Those groups interested in these policies will discuss them and execute them properly.

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Overall Economic Issues: Foreign Sector and Exchange Rate. Statistics show that the economic policies the current administration is implementing in its first year made noteworthy achievements in the foreign sectors of our economy. Indeed, austerity, disciplined public spending, and the reorganization of exchange rate policies were the instruments that made the current account balance improve by approximately $100 million vis-a-vis the current account balance of the rest of the world. This favorable result was also shown in the goods account as it experienced a $68-million recovery as compared to 1993. Likewise, the services account, albeit lower, improved by $45 million. This latter figure showed the considerable burden the foreign debt is on the country's economy.

What are the prospects for 1995? The results of the economic policies implemented in 1994 allow us to forecast that the level of prices and the exchange rate will stabilize in 1995. This stabilization, along with the solution of the electricity supply problem, will jump start economic activities; national production in particular will grow 4 percent. Improvements in the many economic sectors, particularly the manufacturing sector's 5.3-percent improvement and the 4.7-percent improvement in both the agricultural and trade sectors, will trigger an increase in production activities.

The agricultural sector will be highly motivated by the increases in international coffee prices and banana activities, as banana companies will enlarge the replanting area. The handling of healthy and austere fiscal policies and the exchange rate stability will trigger an slowdown in the inflationary pattern, since marginal inflation is expected to fluctuate between only 10 and 12 percent in 1995.

The increase in coffee and banana exports, especially, and a likely renegotiation of the foreign debt will allow us to continue to close the gap in the 1995 goods and services account as it will improve by $148 million, as compared to the previous year. In addition, the trade balance and the expected foreign donations will yield a current account deficit amounting to $114 million or 3.3 percent of the GDP, thus reducing $252-million deficit experienced in 1994.

I could give you many more details, but I insist they are included in this report, which is much more complete than my speech.

The government's basic commitment is to go on with the economic stabilization process. The latest results of the foreign exchange auction constitute an encouraging sign for the already laid out path. However, what we have achieved so far is insufficient to induce sustained, stable, and socially equitable growth. Our economic development requires the efforts of and a consensus by the business, workers, peasant, professional, and government sectors so as to embark on the search for larger degrees of compatibility [articulacion] between economic and social policies.

As for foreign relations, the mere fact that we became part of the UN Security Council constitutes another significant improvement. What does it mean? It means that the name of Honduras will be included in all discussions on world problems and that the Honduran vote in that UN executive body will contribute to reaching peace in the world. [applause]

Convergence. The Liberal Party's government platform, which in previous election contests with the Authentic Party was clearly backed by the Honduran people and a record majority vote, says that it is necessary to reach a social pact that may set the basis for a national agreement on fundamental issues of republican life, such as national identity, the participation of civilian society, the reform and modernization of the state, the reactivation of the economy, reforms, stability, growth with equity, the strengthening of the domestic market, regional integration, internationalization of the economy, human development, the environment, and sustainable development.

We began working on this commitment last year, when we and governors and mayors from throughout the country held an unprecedented meeting on common problems and objectives.

The positive results of this meeting have been made evident by an increase in the level of awareness of the national situation and the interdependency that exists among the state's political institutions.

This year, as I have already said, we signed a convergence pact with peasant organizations. The significance of this pact is yet to be properly established, and we are just beginning work on the convergence. The importance of this issue for the future of the country and its complex nature have led to work in organizations such as the forum created by Congress, the Presidential Commission for the Modernization of the State [Comision Presidencial Para la Modernizacion del Estado, the Ad Hoc Commission, the National Defense and Security Commission [Comision Nacional de Defensa y Seguridad], and the Superior Council for Economic Planning [Consejo Superior de Planificacion Economica], which I will convoke during the first few months of this year.

Undoubtedly, it is these mechanisms that will discuss the issues of prices, salaries, territorial administration, the struggle against crime, the reactivation of the economy, electoral processes, deepening and stability of democracy, and other no less important matters.

A phrase uttered yesterday has become part of our country's history, as the Criminal Investigations Directorate [Direccion de Investigaciones Criminales] was opened. Its new director said: I swear there will be no more torture in the Republic of Honduras. [applause] I congratulate this new institution. I congratulate and am indebted to the Honduran Armed Forces, which are always willing to contribute to defending the Constitution and the legitimate system of government. [applause]

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The state's modernization process deserves special attention. I have always thought that we will not be able to successfully face the challenges posed by today's world order without overall reform of the state apparatus. In addition, it is evident that more than a few problems come up because the administration of public properties stem from the deficiency or insufficiency of the administrative tasks we have put up with for many years. Let us not forget that lack of order triggers corruption. We fight corruption by imposing order on things. We need special process of change, like the one conducted in the times of Marco Aurelio Soto and Ramon Rosa, times that history describes as the era of liberal reform.

I promise once more before the highest-level national representatives that my government will make all efforts to defeat all problems inherited from the past and to begin a new phase of development of and solidarity with the Honduran family. I do not believe that anyone will avoid participating in these efforts, because we are not dealing with the traditional political game; we are dealing with the improvement of the country we all praise.

Today we are marking women's day. Nothing is more opportune than making them aware of our most fervent salute and our deepest recognition of the unsurpassed role they are playing within the Honduran family and society. During this administration, the government is willing to forever eliminate all sorts of discrimination against women in the nation's many political, social, cultural, and economic arenas. [applause]

The enduring neglect is the rights we are missing, and women and men will conquer them together. [sentence as heard] Salute Honduran women. [applause]

Having faith in Honduras's high destiny and trusting that we will always count on the people's resolve, I stress I will make the commitments outlined in this speech a reality. I hope, as it could not be any less, to keep counting on the support of this sovereign National Congress and the judicial branch to ensure that together, like fingers on a hand, we will make reality a better fatherland for all.

What the world is coming to is not merely a new century or a new millennium; it is a new era, the era of human dignity. Fellow citizens, as what has been said and repeated throughout America, it is ethically sound, economically productive, and socially and mutually binding. Thank you very much, distinguished parliamentarians. Thank you. [applause]

Nicaragua

Sandinist Renewal Movement Meets in Masaya

PA2701225595 Managua BARRICADA in Spanish 23 Jan 95 pp 1, 8

[Report by Edgar Barberena S.]

[FBIS Translated Text] Masaya—A large number of people yesterday turned in their pins and cards denoting their membership as Sandinists in the departmental assembly here at a Sandinist Renewal Movement [MRS] meeting. For the first time, the MRS flag for the 1996 elections was revealed.

The MRS flag has three stripes: a red stripe, which represents the return to General Augusto C. Sandino's policies; a white stripe, which represents the search for peace; and a black stripe, which represents the struggle against corruption.

Serious charges were issued during the meeting, which was livened up by a local band and fireworks, against some commanders of the Sandinist National Liberation Front [FSLN] orthodox sector. These included charges that Marvin Rios issued against Bayardo Arce, who was accused of going around negotiating state assets during the transition, and Tomas Borge, who seized the Sandinist newspaper.

A condition was established during the meeting: All those who seek membership in the MRS must previously issue a public statement listing assets before assuming any responsibility within the party.

The meeting was attended by more than 500 people, including leaders of various Masaya Department municipalities and communities, and it was held at the Villa Bosco Monga Community House. Dr. Rommel Martinez, MRS departmental coordinator, submitted a report on MRS activities.

Rommel addressed the meeting, which was attended by Sergio Ramirez, Commander Luis Carrion Cruz, FSLN Majority Leader Dora Maria Tellez, Deputy William Ramirez, and MRS Executive Secretary Orlando Castillo, and presented a report on MRS activities in Masaya Department.

Martinez emphasized the need to renew the FSLN ethically and morally, adding: "We began to act on this early in 1993, but this was scorned by those who have turned the party's leadership into a way of life.

"However, we insisted that the party should undergo an internal renewal to send a new message to society, but our position was opposed by those who want no changes (the orthodox members), because they want to remain in their posts forever. They do not want to admit what the people told us in 1990: Gentlemen, you must change and send a new message to society."

Rommel recalled how the well-oiled machinery of the orthodox FSLN members acted against those who signed the document, urging "a Sandinism that again reflects the will of the people. They began to slander us and say that we wanted to misconstrue Sandinism, that we wanted to carry out a counterrevolution.

"We now tell them the MRS wants to reestablish Sandino's true ideals, because, unfortunately, the party's

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formal structures now include new capitalists who amassed their money atop a pile of corpses—namely, the thousands of Nicaraguans who struggled for Sandino's true ideals."

Martinez recalled 22 January 1967, when the Right led the people to the Roosevelt Avenue holocaust. "This must be a date on which we pledge to create a new party and establish a work schedule that ends on 18 May, when we celebrate the first centennial of Sandino's birth."

Once the large-scale resignation from the FSLN was carried out, MRS leader Sergio Ramirez addressed the meeting and recalled the historical date of 22 January. He stated: "The MRS is taking a historic, decisive step, and there is no turning back.

"We are assuming a binding pledge to reinstate true Sandinism and its true morals. Everyone here assumes that pledge. We pledge to struggle in order that Sandinism regains the morals and ethics which motivated so many thousands of Nicaraguans to make sacrifices, wage a struggle, selflessly dedicate themselves, and offer their lives."

Sergio said that whoever serves in an MRS executive post, or any post which entails a responsibility within the MRS, must be totally honest with those who elected him.

"That is why I propose that all those who are elected to an MRS Directorate post must first submit a listing of all their assets, specifying how he or his family acquired them," Ramirez said. This was received with a round of applause and fireworks outside the community center where the assembly was held.

"Let there be no more double standards; let there be only one set of morals among renewed Sandinists. We must commit ourselves to democracy and the interests of the poorest people, the peasants, the unemployed workers, the craftsmen, the women, the young people, the historical fighters, and those maimed in the war," the MRS leader said.

Sergio said the MRS is not a movement organized by four old intellectuals; it is a people's movement: "The MRS comes from the people, who feel they have been deceived by the orthodox structures of what used to be the FSLN."

Sergio recalled: "We are a party that must be organized as a true electoral alternative. We cannot waste more time in a fruitless dispute within the FSLN's old rank and file to settle who is right or wrong. Our efforts must be aimed at organizing ourselves in the departments, municipalities, neighborhoods, and communities, as well as the 4,000 polling stations throughout Nicaragua.

"We will participate in the 1996 elections to win, not to end in third place," Ramirez said. He explained: "WE ARE NOT RENOUNCING SANDINISM. WE ARE RENOUNCING A STRUCTURE THAT DEVIATED FROM THE TRUE SENSE OF SANDINISM."

Ramirez said the MRS is a way of saying NO to nepotism, to family succession in public office. It is a way of saying no to the reelection of the same people who, when they are about to leave, begin to seek the reelection of their children, their brothers, and their relatives. It is a way of saying no to a vertical command structure, arrogance, haughtiness, and caudillismo.

The MRS leader moved the participants when he said Nicaraguans "initially knew their leaders as humble people without personal ambitions, without material ambitions. The people later heard their leaders say that they had not changed, that they were pledged to defend the people's interests, but they said this while getting rich, and we cannot accept that.

"No MRS leader will be seen as a lawyer who goes against the labor unions' interests. They will not be seen carrying out mass dismissals in factories, farms, or sugar mills. MRS leaders must pledge that their actions will support their words," Ramirez indicated.

Once the meeting ended a large number of citizens filled out their registration cards to join the MRS. This included peasants, workers, professionals, housewives, and young people from various sectors in Masaya Department.

Panama

Proposed ARI Law Modifications Create Controversy

PA3001205295 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jan 95

[Report by Mara Rivera; from the "RPC Television News" newscast]

[FBIS Translated Text] In the past few days there have been reports of a disagreement between the members of the board of directors of the Interoceanic Region Authority [ARI]. The controversy centers on the modifications recommended to the law that regulates the ARI. Here is a report on the current situation of this controversy:

On 25 February 1993, the law creating the ARI was finally approved. At that time, a number of criticisms were made, especially regarding the need to separate the ARI from politics. One of its articles stipulated who made up its board of directors, how they were chosen, and the scope of their decisions, among other points. A number of modifications are now being processed. One of the modifications stipulates that the decisions by the board of directors must be countersigned by the president of the republic. This has prompted a disagreement among the members of the current board of directors.

These modifications were proposed by Carlos Mendoza, who believes that it is not only now that this organization is becoming politicized:

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[Begin Mendoza recording] The ARI has been linked to politics from the time of its inception. To secure the approval of the current members of the board it was necessary to choose individuals who would be backed by two-thirds of the incumbent legislators. Consequently, politics has been directly linked to the ARI from the time the ARI was born [end recording].

The ARI administrator, however, says that with these modifications what is in jeopardy is not his job, but the good of the country:

[Begin recording] [Chen Barria] If any other presidential candidate had been elected, I would like to know if Dr. Mendoza would have proposed to that candidate a modification of the ARI law to make the law more efficient. I believe he is simply responding to a request by the executive branch.

[Mendoza] As administrator of an autonomous, Panamanian, government institution who has that opinion of the government, he is not doing what he should do, which is, in short, to resign from his post. [end recording]

Meanwhile, other members of the ARI board of directors believe that what is most beneficial for the ARI is the replacement of Carlos Mendoza.

[Begin ARI Director Carlos Valencia recording] Carlos Mendoza, the current president of the board of directors, has not known how to run the ARI because of his lack of knowledge, his meager experience, and his shortcomings in general. [end recording]

One of the founders of the ARI explained to RPC that the government's attitude on modifying the law is setting back the development program which it has carried out until now.

[Begin ARI founder J. J. Vallarino recording] I believe it is contradictory that, on the one hand, the government is privatizing state-owned companies such as the INTEL [National Institute of Telecommunications]; is talking of privatizating the IHRE [Institute of Hydraulic Resources and Electrification]; and has already privatived other state-owned companies; that in this case it is acting in the opposite way. An institution that was created so as to keep it away from political influence, which we know is not positive or productive, they now want to place it again within a context that is too political. [end recording]

The modifications that have provoked all this controversy are still being studied by the executive branch, and it is expected that at any moment they will be presented to plenum of the Legislative Assembly.

We should take into account that the ARI is determining the future of the reverted areas. With these modifications this future will not only be determined by the ARI, but by the government, in turn, as well.

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Argentina

Menem Urges Security Council Meeting on Andean Conflict

PY3001143395 Buenos Aires TELAM in Spanish 1832 GMT 28 Jan 95

[FBIS Translated Text] Davos, Switzerland, 28 Jan (TELAM)—President Carlos Menem announced today that he had given instructions to Foreign Minister Guido Di Tella and Emilio Cardenas, Argentine ambassador to the United Nations, to call a meeting of the UN Security Council to analyze the border conflict between Ecuador and Peru.

The president told Argentine reporters attending the Davos World Economic Forum: "I have instructed the foreign minister to ask Emilio Cardenas to call an urgent meeting of the UN Security Council to discuss the problem between Ecuador and Peru."

Menem also anticipated that Foreign Minister Di Tella would be scheduled to meet with his counterparts from the other three guarantor countries of the Peruvian-Ecuadoran border agreement to prevent the confrontation from having "more serious consequences."

The agreement that ended the war between both countries was signed in 1942 in Rio de Janeiro, with the guarantees of Argentina, Brazil, Chile, and the United States.

The president said that "the incident is acquiring great seriousness" with the passing of time, adding that the presence of troops in the zone "demands a rapid decision so that the guarantor countries can intervene."

Menem pointed out "the concern" and "sort of annoyance with ourselves (the guarantor countries) for a conflict that has already lasted 53 years without our being able to find a solution."

With respect to the Laguna del Desierto border problem, the president said that "Chile is using its right to request a revision as provided for in the Peace and Friendship Treaty signed between the Chilean and Argentine Governments during the Raul Alfonsin administration."

"Chile is using its rights, but I can assure you that the decision cannot be changed. It is definitive," Menem stressed.

Asked about the interest shown by Carlos Lage Davila, Cuba's Council of Ministers executive secretary, in analyzing Argentina's legislation on foreign investments, Menem reiterated that he is willing "to discuss any issue" that the Cuban official might want to discuss.

Menem said, however, that so far the Cuban official had not asked to see him.

The president added that if a request is made, he or anyone in his entourage "will not have any problem talking" with the Cuban official.

Urges 'Prudence' From Peru, Ecuador

PY3001140595 Madrid EFE in Spanish 1254 GMT 30 Jan 95

[FBIS Translated Text] Buenos Aires, 30 Jan (EFE)—Argentine President Carlos Menem said today that he had called his counterparts, Sixto Duran Ballen of Ecuador and Alberto Fujimori of Peru, to ask them for "prudence and reflection" in the armed conflict between the two Andean nations.

During a news conference Menem stressed that he is willing to help in the conciliation between the two parties, but denied that he intends to act as a mediator in the conflict.

In this respect he recalled that Argentina together with Brazil, Chile, and the United States are the "guarantor countries" of the Rio de Janeiro Protocol, which in 1942 established peace between Ecuador and Peru in the conflictive area.

"An Argentine mediation" would not be appropriate "when there are four countries to guarantee" peace between the Andean countries, he stated.

The Buenos Aires media considers that the conflict between Ecuador and Peru will heighten the lack of confidence by international investors in Latin America, which has suffered a large withdrawal of capital after the Mexican crisis erupted at the end of 1994.

Menem indicated that the fight between Ecuadorans and Peruvians "can only harm the warring parties themselves, but it will not harm Argentina and much less the Common Market of the South (Mercosur)," which also includes Brazil, Paraguay, and Uruguay.

He maintained that the presidents "should follow the example of the indigenous Ecuadoreans and Peruvians, who have stated that they are of the same ethnicity and therefore have no reason to confront one another."

"That is an example for those who are allegedly civilized," Menem said.

Says Argentina Not To Resign as Guarantor

PY3101124295 Buenos Aires TELAM in Spanish 1141 GMT 31 Jan 95

[FBIS Translated Text] Buenos Aires, 31 Jan (TELAM)—President Carlos Menem today emphatically denied a newspaper report that indicates that Argentina will resign as a guarantor of the Rio de Janeiro Protocol if the border conflict between Peru and Ecuador is not resolved.

"I never referred to the position that Argentina might adopt if hostilities do not cease," Menem stressed in remarks to Radio 990. He said: "On the contrary, I have given directives to redouble the efforts to end this conflict."

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Di Tella on Rio Protocol Guarantors' Meeting

PY3001150295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1350 GMT 30 Jan 95

[FBIS Translated Text] Buenos Aires, 30 Jan (NA)—Foreign Minister Guido Di Tella said today that he "will most probably" meet with his Rio de Janeiro Protocol (Brazil, Chile, and the United States) colleagues on 31 January in Brasilia to try to seek a solution to the armed conflict between Peru and Ecuador.

"There will probably be a meeting of the guarantor countries on 31 January at the level of foreign ministers, who will meet in Brasilia with the foreign ministers of the countries that are participating (in the conflict)," Di Tella explained.

The foreign minister denied that a meeting of the UN Security Council had been called for to discuss the problem, although this possibility has for the time being been left in abeyance until the results of the probable meeting in Brasilia are known.

"For the time being the Security Council has not been called into session, as everything depends on the meeting of the guarantor countries," in referring to Argentina, Chile, Brazil, and the United States, which supported the Rio de Janeiro Protocol in an agreement signed in 1942 that gave Peru over 200,000 square kilometers of Ecuadoran territory.

Di Tella also referred to the revision of the Laguna del Desierto decision that has been asked for by the Chilean Government, and agreed with President Carlos Menem that a final decision has already been handed down.

Di Tella stressed that the Chilean claim "is provided for" in the Peace and Friendship Treaty that has been signed by the two countries, but emphasized that "this does not mean to say that it has any chance" of prospering.

In this respect he reckoned that the government could expect that "in March or April at the very least, the court will confirm its decision."

"The claim will not be accepted," the foreign minister emphasized. He pointed out that the difference in name between Lago, used by Chile, and Laguna del Desierto "is a technicality" that "does not change anything" concerning the problem.

The difference in name is one of the arguments that the Chilean Foreign Ministry will use to refute the decision, because a lagoon, which is the name used by Argentina, has no outlets, and therefore would presumably favor the Chilean position, because that country considers the waters to be a part of the Pacific Basin.

Finally, he considered that in this matter "the most prudent" thing to do regarding the topic of the Continental Glaciers would be to accept the polygonal demarcation that Menem and former Chilean President Patricio Aylwin agreed upon in 1991.

"We believe this to be the most prudent of solutions, but it is Congress that has to make a decision," Di Tella said in remarks to Radio Continental.

The agreement still has to be approved by the congresses of the two countries. The agreement was signed four years ago, and the congresses have not yet debated it.

Menem, Di Tella: Conflict To 'End Very Soon'

PY3101014495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1813 GMT 30 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 30 Jan (NA)—On 30 January, President Carlos Menem predicted that the armed conflict between Peruvian and Ecuadoran Armed Forces will "end very soon," and that "it will not affect Mercosur [Common Market of the South] member countries, including Argentina."

Foreign Minister Guido Di Tella and Emilio Cardenas, the Argentine ambassador to the United Nations, expressed similar views.

During a news conference held at the Military Air Base of the Jorge Newbery Metropolitan Airport this morning upon his arrival from the city of Davos, Switzerland, where he attended the world economic forum, Menem stressed that "the incidents only affect the warring countries, but in no way will they affect Mercosur member countries."

He subsequently indicated that the skirmishes that broke out on the frontier on 27 January "will soon end because decided action is being undertaken," adding that the conflict "may harm the warring nations, but not Argentina or the other countries of the region."

Having once again underscored the fact that the conflict will not affect the Southern Cone, Menem announced that "foreign ministers [as received] will meet tomorrow to discuss the issue and propose a cease-fire."

The head of state ruled out the possibility of mediating in the conflict, as he considered that such a decision "would be out of place," since "there are guarantor countries" of the Rio de Janeiro Protocol between Peru and Ecuador.

This notwithstanding, he pointed out that "Argentina was the first country that—through this president—approached the presidents of the feuding nations."

"The first incident had no sooner occurred than I talked to both presidents and asked them to be prudent, to think things over again. Guarantor countries are intervening now," he said.

For his part, Di Tella shared the Argentine head of state's views on the issue, although he was not so categorical about the meeting with his counterparts from Chile, Brazil, and the United States.

Upon arriving in Buenos Aires with the entourage that accompanied Menem on his trip to Switzerland, Di Tella

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explained that "most probably, guarantor countries' foreign ministers will meet with their colleagues from the feuding parties in Brasilia."

Di Tella denied that a meeting of the UN Security Council had been convened to analyze the issue, although he conceded that such a possibility depended on the outcome of the possible meeting in Brasilia.

"The UN Security Council has not been convened so far. It all depends on the outcome of the guarantors' meeting," he said, thus alluding to the four countries that acted as guarantors of the Rio de Janeiro Protocol signed in 1942, which provided for the ceding of more than 200,000 square kilometers to Peru by Ecuador. [passage omitted]

Vice Foreign Minister on 'Absurd' Peru-Ecuador Conflict

PY3001181795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2014 GMT 29 Jan 95

[FBIS Translated Text] Buenos Aires, 29 Jan (NA)—Vice Foreign Minister Fernando Petrella said today that the countries that guaranteed the peace agreement between Ecuador and Peru—including Argentina—might in the next few days send "an exploratory mission" to the conflict zone, adding that officials are also studying the possible shipment of equipment to the area to maintain the two countries' troop "separation."

Petrella characterized the armed conflict over border problems between the two countries, which has already caused 23 deaths, as "absurd." Petrella said the guarantor countries' meeting in the Brazilian city of Rio de Janeiro on 27 January analyzed the possibility of sending peace missions to the zone.

In the meeting, Argentina proposed to the other guarantors (Brazil, Chile, and United States) "to send an exploratory mission to the zone, and we do not rule out the possibility of sending equipment to maintain troop separation in the area."

"Everything was done in agreement with the other guarantors, and in consultation with OAS Secretary Cesar Gaviria," the diplomat told Radio America.

With respect to President Carlos Menem's instructions to Emilio Cardenas, Argentine ambassador to the United Nations, to call an urgent meeting of the Security Council, Petrella said: "What Argentina wanted to do is show that we want to find a peaceful solution to the conflict."

Petrella said: "Just as the president has said, on more than one occasion, we cannot continue to be the guarantors of an unstable situation for much more time."

Petrella said "early tomorrow" we could have a foreign ministers' meeting that will produce "a firm request to both parties in conflict to abstain from using force in the zone."

The vice foreign minister stressed: "This time we must resolve the issue for good; we cannot continue to patch up an unstable situation."

Petrella added: "The president's wish is to seek an arrangement to put an end to the deaths, the conflict among brothers, and particularly to the instability in a continent that needs development, health, and education."

Petrella also warned about the conflict's risks for the regional economies.

The Foreign Ministry official downplayed the importance of Chile's position in blocking the marking of borders in Laguna del Desierto, pointing out that "our bilateral relations are anchored on enormously important aspects, and even though this is an important issue, there are other aspects counterbalancing it."

The Argentine vice minister said that the Chilean Government "has still not presented" the petition asking the tribunal to suspend the border marking operation, "that is, the placing of markers, which is the final stage of border definition."

Petrella said, however, that Chile has time until 15 February to present the request. If Chile "does not present the petition before that date, the decision of the Arbitration Tribunal will be definitive," Petrella concluded.

Departs for Guarantors' Meeting

PY3101123895 Buenos Aires TELAM in Spanish 1155 GMT 31 Jan 95

[FBIS Translated Text] Buenos Aires, 31 Jan (TELAM)—Just before departing for Brazil, Vice Foreign Minister Fernando Petrella stated at Ezeiza Airport that Argentina could send military observers to the zone of conflict between Ecuador and Peru "if it is necessary to contribute to world peace, as has been done during the past few years."

"If we had to make the sacrifice for two sister nations we would do so with great pleasure, although this depends on today's meeting," Petrella told TELAM, referring to the meeting that the United States, Chile, Argentina, and Brazil will hold today in Rio de Janeiro to evaluate the conflict between Peru and Ecuador.

Judge Questions Fourth Suspect in AMIA Case

PY3001143595 Buenos Aires CLARIN in Spanish 27 Jan 95 p 18

[FBIS Translated Excerpt] Federal Judge Juan Jose Galeano, who is in charge of the AMIA [Argentine-Israeli Mutual Association] case, has ordered the arrest of another suspect: Jose Juan Ramon Martinez. This is also the name of the person who allegedly purchased the Traffic van that was used as a car bomb.

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Martinez went to the chamber of Judge Galeano, who is in charge of the case, on 26 January at 1915.

Martinez, the recently arrested individual in this case, is an old friend of Carlos Telleldin, who sold the van to the terrorists that destroyed the AMIA building, killing 86 persons.

When Telleldin was questioned by the judge about the purchaser of the van, he said he sold it to someone called Ramon Martinez, whom he described as having a Central American accent.

Investigators maintain that Telleldin "invented" a character called Martinez based on someone of that name; in other words, the person who arrived at Galeano's chamber following his arrest on 25 January in Mar del Plata.

Thus, Martinez is the fourth person to have been arrested during the investigation into the terrorist attack. The others are Telleldin, Hugo Perez, and Miguel Jaimes. [passage omitted]

Central Bank President Interviewed

95SM0122 Buenos Aires CLARIN in Spanish 8 Jan 95 p 20

[Interview with Central Bank President Roque Fernandez by Alejandro Matvejczuk; date and place not given; first 10 paragraphs are CLARIN introduction]

[FBIS Translated Text] The head of the Central Bank, Roque Fernandez, explained the bank's strategy for dealing with the financial crisis triggered by the events in Mexico. He indicated that financial problems are being resolved promptly through transfers of deposit portfolios among private banks. He did not say, however, how many of them are having problems. He said that he does not yet know how the Extrader affair is going to turn out.

Central Bank Will Do Nothing To Lower Interest Rates

Roque Fernandez was particularly emphatic at one point in the interview. This was when he said: "There is no possibility of postponing the application of the Basel standards."

He was responding to the "fierce lobbying" by some banks that did not want the Central Bank to increase their minimum capital requirements as of 1 January.

The Basel standards are, in practice, a system for determining the minimum capital requirements of financial institutions. By means of these standards the Central Bank requires that such institutions maintain a volume of capital proportional to their deposits.

Minimum capital requirements for banks in Argentina were traditionally fixed amounts, larger for multipurpose banks and smaller for institutions that could not engage in certain transactions. This changed two years ago.

The Central Bank began to apply the Basel standards by increasing every semester the percentages that the banks must use to calculate their minimum capital.

A new level in this table was reached in January, and many bankers were understandably opposed to it, as they were forced to put up additional capital.

This jump in the capital requirement coincided with difficulties in the payment chain, which could be ascribed to the "Mexico effect." So, a rumor that the Central Bank would postpone the stiffer requirement began circulating through the financial system.

In this regard, Roque Fernandez gave assurances that wishful thinking is not in order: "The liquidity problems of some banks confirm to us that we were on the right track in demanding high reserve and capital requirements. What happened shows that attempting to maintain the soundness of the system was a precautionary measure. Therefore, we are not going to postpone the application of the Basel standards."

The Mexico effect caused two problems for Argentina's financial system. On the one hand, it boosted interest rates sky high. On the other, it created doubts about the solvency of certain financial institutions, thus causing them liquidity problems. Roque Fernandez, president of the Central Bank, could not confirm how many institutions are having trouble.

[Matvejczuk] What do you plan to do about interest rates?

[Fernandez] Rates fell significantly on Friday because the markets reconnected when we allowed the banks to guarantee each others' operations. So, without injecting money, we think that the problem has been solved.

[Matvejczuk] Do you think so? A rate of 18 percent, which our top banks were paying on Friday, is five times the inflation rate. Will the Central Bank do anything to lower this rate?

[Fernandez] No, absolutely nothing. We are simply going to grease the wheels to reestablish credit among banks; this will naturally reduce interest rates.

[Matvejczuk] The second problem of the Mexico effect was the emergence of doubts about the solvency of certain institutions. And this, on top of the suspension of payments by the Banco Extrader, disrupted the operations of many banks and forced the Central Bank to bail out some private banks.

[Fernandez] Yes, there were movements of deposits among banks, which caused temporary illiquidities in some of them and excess liquidities in others. To rectify these situations we talked with the banks to facilitate transfers of portfolios that were financed by these deposits, in other words, collateral, mortgages, loans guaranteed with joint participation, etc.

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[Matvejczuk] Exactly how many banks are having liquidity problems?

[Fernandez] That is hard to say, because the difficulties are being resolved quickly among the private banks through these portfolio transfers.

[Matvejczuk] You mentioned the bank bailout operation.

[Fernandez] Call it what you will. We did not give it a name. We did not even design the system. The arrangement was the result of our ongoing dialogue with the institutions that asked us about the procedures that they saw as necessary. So, naturally there emerged an effective system for facilitating transfers of funds within the system.

[Matvejczuk] To this end, some banks reportedly had their legal reserve requirements lowered. Is this true?

[Fernandez] There has been no reduction. What we did was to loosen up certain technical norms that were hampering portfolio transfers. No thought was ever given to a selective lowering of reserve requirements.

[Matvejczuk] So what is the Central Bank doing then to facilitate portfolio transfers?

[Fernandez] There is no rule. We analyze case by case. The situation of each bank requesting an exemption is taken under consideration. Some, for example, may ask to have the method of meeting their reserve requirement loosened up; others, some technical ratio, such as the limit on splitting credit risk. After the proposal is made, we assess it. We see whether it is reasonable and proceed accordingly. But this in no way means that one bank can have a lower reserve requirement than the others.

[Matvejczuk] When you ease your requirements for one bank, do you ask for anything in return?

[Fernandez] Two things. One: a commitment that the portfolio will be purchased at a rate of 16 percent or less a year. Two: the selling institution must have a chance to repurchase its documents (mortgages, collateral) at any time, paying the same rate as agreed upon for the sale.

[Matvejczuk] Why a fixed rate of 16 percent and not the call rate (which banks use for loans among themselves and which is currently higher)?

[Fernandez] Because when a portfolio is transferred, there is a high degree of certainty that the money will be recovered. Bank portfolios consist mainly of collateral, mortgages, along with some stocks and bonds and some loans guaranteed through joint participation. These are essentially sound portfolios, and thus 16 percent is a reasonable rate.

[Matvejczuk] Are there time limits on the repurchase of the portfolios when you loosen up on requirements?

[Fernandez] No. There are no time limits on the sales.

[Matvejczuk] Why were only five banks helped out?

[Fernandez] We began with fewer than five. Then we expanded to the five that you reported (Rio, Galicia, Citibank, Credito Argentino, and Frances). There are more than 10 today, and the number will rise gradually. It all depends on the banks' willingness to come and talk about these matters.

[Matvejczuk] If you clearly think that some regulations have to be loosened up to facilitate the purchase of portfolios, why don't you directly ease the requirements for the banks having liquidity trouble?

[Fernandez] I repeat: there is no fixed rule for loosening up. If a bank having liquidity troubles comes here and submits its request, we will consider it, to the extent that it is reasonable and does not entail solving an underlying economic problem. In other words, requirements can be eased both for banks that are buying and for banks that are selling their portfolios.

[Matvejczuk] In conclusion, in a few days the deadline will be up for the Banco Extrader to submit some sort of plan that will enable it to return its deposits. How is this case moving along?

[Fernandez] Work is being done on it. It is in the technical area, so nothing has reached me yet. My understanding is that there is nothing definite yet.

Finance Secretary Explains Bank Situation

PY3001151395 Buenos Aires CLARIN in Spanish 27 Jan 95 p 2

[FBIS Translated Text] During the Two Voices program that was broadcast by Multicanal on 25 January, Roque Maccarone, the banks, finances, and insurance secretary, said the government is determined to prevent the fall of any bank: "We will provide the needed funds so that projects and solvent entities can recover their standing and function reasonably."

The official said the government will attempt to take entities that are experiencing more critical situations out of the market "without leaving savers or investors bitter."

[CLARIN] How many banks have liquidity problems?

[Maccarone] We cannot give figures, but in general they are all the corporate banks. The difficulties facing them began in their market operations. They have a high concentration of deposits among a few investors and they felt the consequences of what happened to the Extrader Bank and Finansur the most.

[CLARIN] Will Extrader operate again. Some say it will not.

[Maccarone] That depends on its proposal to the Central Bank. It must increase its capital and cover its loses.

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[CLARIN] Is there any fear that the fall of a "little bank" will cause a run on other banks?

[Maccarone] We do not want common savers—who are the clients of most banks—to fear that they might lose their deposits. At the end of this period we will have a different financial system.

[CLARIN] Are provincial banks in the red?

[Maccarone] No. Circumstances are different in each province. But the crisis will encourage provincial governments to privatize their banks. They will receive assistance in the same way private banks receive them. Provincial governments must understand that they cannot use those financial institutions badly, particular in the current environment of global markets where negative interest rates do not exist and consequently subsidies cannot be transferred.

[CLARIN] Is the delay in paying salaries due to the conflict involving provincial banks?

[Maccarone] There are many reasons. I would suggest that many provinces were not administered very well.

[CLARIN] Which provincial banks should be privatized, or should they be merged first?

[Maccarone] They should all be privatized. It does not make sense to keep them as state banks. We should privatize even the Bank of the Nation. It is not necessary to keep a bank like that going when markets are becoming global and one can always use private banks.

[CLARIN] Are there any conflicts within the economic team due to the implementation of the security network?

[Maccarone] No. But there are always different opinions when a new system is being adjusted.

[CLARIN] Will the security network help big banks absorb small ones?

[Maccarone] We do not think so.

1994 Trade Balance Shows Record Deficit

PY3001153495 Buenos Aires CLARIN in Spanish 27 Jan 95 p 7

[Article by Alejandro Gailo]

[FBIS Translated Text] The trade balance is red hot. The 1994 deficit totalled $6.1 billion. This official figure is the worst during Carlos Menem's administration. It is a real slap in the face in an electoral year and when the repercussions of the Mexican crisis are still reverberating.

The final figure exceeds the official estimate by $1.1 billion, closing 64 percent higher than in 1993 (the 1993 deficit was $3.664 billion). The government thought the deficit would reach $5 billion although Domingo Cavallo said (during a recent speech) it would not exceed $5.7 billion.

But Cavallo was short by almost $400 million. According to an official document, to which CLARIN had exclusive access, Argentina's 1994 trade accounts closed $6.07 billion in the red.

The increased imports had two main sources: Brazil and the United States. The government believes the increase was due to large purchases of capital goods, which enter the country with zero tariff (without paying import taxes). But even with this theory, which has been used by the government since 1992 to explain the deficit, prospects for 1995 do not look any brighter.

Capital goods will continue to have zero tariff during this year and will increase to only 2 percent next year.

In 1994 total exports were worth $15.466 billion (17 percent more than in 1993) while imports totalled $21.476 billion (27 percent more than in 1993). Last December Argentina purchased goods worth $1.869 billion and sold $1.169 billion worth to other countries.

Government sources say the figure does not prevent Cavallo from sleeping well. Cavallo believes the most important trade figures show sales are increasing and purchases are dropping. This is the result of comparing the monthly export growth rate with the monthly import growth rate.

Cavallo estimated that in 1995 Argentina will export $20 billion worth of goods, and that the deficit will be between $4 billion and $5 billion. This in the best scenario. The repercussions of the Mexican crisis added to the scarcity of foreign capitals will be seen in the trade balance: Many businessmen have started slowing down their import contracts because they do not have money and still have a certain degree of mistrust.

Any improvement in export figures will be even more obvious in a scenario marked by dropping imports.

Governors Scorn Government on Banks' Situation

PY3001172895 Buenos Aires CLARIN in Spanish 27 Jan 95 p 2, 3

[Report by Alejandro Matvejczuk]

[FBIS Translated Text] [Cordoba Governor] Eduardo Angeloz and [Rio Negro Governor] Horacio Massaccesi have leveled charges against [Economy Minister] Domingo Cavallo. They openly hold him responsible for the crisis affecting provincial banks. They also demand solutions. The Cordoba governor denied that the provincial bank has financial problems while the Rio Negro governor said the government is "blackmailing" provincial economies.

Yesterday the Bank of the Nation handed out a lot of money. The amount was not disclosed, but bankers believe nearly 200 million pesos were released onto the market. Of this, 100 million pesos were earmarked for

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Cordoba Province on condition it is returned in 10 months and that it is guaranteed by federal income sharing funds.

Governor Eduardo Angeloz told CLARIN that the loan of 100 million pesos requested by his province was not going to be used by Cordoba Provincial Bank, but by the Social Security Bank, which is also owned by the province. The big loan to Cordoba Province came about during a meeting of Cavallo's advisers on 24 January when the critical situation facing banks, particularly banks in Cordoba, were being analyzed.

During the meeting Cavallo was particularly harsh with the province, probably because of his bad personal relations with Governor Angeloz. It did not take long for Angeloz to hear what had happened, and on 25 January he called Presidential Secretary Eduardo Bauza who in turn called [Banks, Finances, and Insurance Secretary] Roque Maccarone demanding the immediate release of the Bank of the Nation loan to Cordoba. Bauza sought to defuse the problem considering the start of the pre-electoral period.

This is how the loan to Cordoba—which according to Angeloz will be used by the Social Security Bank—was granted.

The Central Bank board of directors' meeting last night approved the merge of another two banks: the Cooperative Bank of La Plata with the Mayo Bank. This is the fourth bank to merge with a larger bank. These are not isolated cases. The Central Bank has several folders requesting Central Bank authorization to merge because the banks security network—which is directed by the Bank of the Nation—cannot cope with their difficulties.

The situation facing cooperative banks is very complicated. The Bank of the Nation will only agree to give money to a cooperative bank if the bank with difficulties transfers its loan portfolio (supposedly renewable but without a written commitment) to the Bank of the Nation for 30 days, deposits directors' shares in its vaults, and commits directors' personal assets to the operation. This means that if the Bank of the Nation decides not to renew the loan, not only the cooperative bank will be affected; the directors will also lose their assets.

These requirements work with commercial banks, but in the case of cooperative banks it is almost impossible to deposit shares and directors' guarantees (which do not exist). This situation also occurs with official banks, which are administered by politicians who would under no circumstances guarantee loans with their personal assets.

The Central Bank yesterday released another 33 million pesos in loans on top of the Bank of the Nation disbursements. This amount, plus the renewal of previous loans, total 157 million pesos. Bank sources continue to report, however, that these gestures are not enough to solve their problems.

Commentaries View Mercosur Implementation

Country's Interests May Suffer

95SM0159A Buenos Aires CLARIN in Spanish 12 Jan 95 p 23

[Commentary by Rogelio Frigerio: "We Conceded a Lot in Mercosur"]

[FBIS Translated Text] Our country's relations with Brazil are so important that, in my judgment, they should be the object of constant analysis and updating. Are the agreements reached in Mercosur favorable for us? Are they fair? What is the impact of the strong commercial connection on the political level? Has there been a radical change in historical tendencies, characterized by a greater dynamism and a touch of expansionism on the part of Brazil? Has the enviable national vocation of the Brazilian leadership class dissolved itself in a new identity, in a new "regional fatherland"?

There is a state of euphoria and optimism in official circles regarding Mercosur that is not always shared by the productive sectors, especially small and medium-sized industrial firms. Senior officials are confident that, after a long period of unfavorable trade balances, we are entering an inverse situation, as a result of the revaluation of the Brazilian currency and the foreign exchange surplus that our neighboring country has accumulated. These officials hope—and everything indicates that it will be so for a while, though not very long in my view—that the increased Brazilian demand for exports will compensate for our economy's poor performance in world trade. Naturally, these short-term forecasts should be conditioned by the weak position of the Latin American economies that are facing the Mercosur adjustment.

Feeble Euphoria

In any case, it is a self-indulgent euphoria, because the improvement in the negative commercial trend is not a result of our policy nor of the benefits obtained in the Mercosur negotiations, but of the economic situation in the neighboring country. The truth is that the outlook is not good, because Brazil has obtained advantages for itself in industrial trade, and we have conceded them in exchange for their buying a little more wheat from us.

In the 21st century, no country in the world will become prosperous and strong by specializing in primary goods. This has not been evident in our strategy for Mercosur, if we have one. It has been evident, on the other hand, for our neighbors, who are far from renouncing their national interests.

In political matters, Brazil never ceases to act as a power and to affirm its identity. Its principal internal problems resolved, it seeks to recover its role as the key country in the Southern Cone, and it adopts an independent and differentiated posture in foreign policy matters. The important nuances it has struck on such themes as the

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Gulf war, Cuba, and Haiti are indicative of an attitude that, unfortunately, is absent in our foreign policy.

Faced with this superiority, I do not believe that we have to leave Mercosur—although we should renegotiate important aspects—nor do we need to endanger our good bilateral relations. I have not changed my view that a relationship of friendly competition with Brazil must take place within the framework of the best possible understanding, and within a pro-development government. I was one of the principal promoters of the Uruguayan agreement, between Presidents Frondizi and Quadros.

Do not Neglect Our Interests

But participating in Mercosur and having excellent relations does not mean neglecting our interests or essential aspects of our position as a nation. Perhaps this will be better understood if I say that our leadership groups should behave with respect to Argentine policy as their Brazilian colleagues do with that of their country.

Among those aspects, I include territorial matters, questions involving the border, and in general that component basic to all nations, which is defense policy. With regard to the latter, does it disturb good relations to maintain the hypothesis of conflict determined by geography and history? It did not disturb them in the past, in periods of good bilateral relations—besides the case of Frondizi, there is the precedent of Peron's relations with Getulio Vargas—nor need it disturb them now.

The "temporal relations" with the United States are, in my view, a mistake that Brazil does not make. Let us not make the same mistake with our neighbor, because it would not even help to preserve our friendship, which between countries as between persons must be constructed on the foundation of equality, balance, dignity, and reciprocal respect for what is essential to each.

This criterion is what all advanced countries observe nowadays, even those that enjoy the best bilateral relations. I insist on the need to deepen the academic and political discussion of these matters, which must be included in the discussion of the processes of globalization and integration.

These processes, which are a form that capitalist development takes at this moment in history, do not dissolve the nation as a historic entity—historic, meaning neither eternal nor immutable, but completely valid as a structural form for human society. The proof is not only in theory and the most modern social science, but also in the sorrowful experience of many countries, as we see in daily news bulletins. Let us forget neither theory nor experience if we want a prosperous and peaceful future, not only for our country but for all of the fraternal peoples of Latin American, including, naturally, Brazil.

Foreign Ministry Responds

95SM0159B Buenos Aires CLARIN in Spanish 19 Jan 95 pp 15, 60

[Commentary by Jorge Campbell, foreign relations secretary in the Ministry of Foreign Relations: "We Obtained a Lot in Mercosur"]

[FBIS Translated Text] Mercosur is now a reality. The agreements reached in the meeting in Buenos Aires in August 1994, as well as in the meeting in Ouro Preto in December, obtained important benefits for Argentina. The negotiations were arduous and laborious, but the results have been broadly beneficial for our society as a whole.

The Mercosur Customs Union, which entered into force on 1 January, has some defects, which demonstrates the degree of realism that motivated the negotiations. The new customs system that was approved, common to all four members, means a greater measure of trade liberalization. Argentina's integration into the world market will continue to go forward. But this greater liberalization does not mean the abandonment of certain sectors that require special consideration. For example: the textile regulations provide for the continued application of specific rights against an activity known as "social dumping"; the Regulations of Exceptions to common external tariffs authorize a longer period of adaptation for the production of certain steel, paper and cardboard, footwear, and household products.

In addition, the Regulations on Adaptation allow for a period of adaptation to the free market in Mercosur for an important group of apparel, footwear, steel, and paper and cardboard products. Specific regulations for the automotive and sugar sectors will be established later this year. This is why we speak of the realism that motivated the negotiations.

For 200 Million Inhabitants

But while the new customs system means greater openness in the world market, the existence of the Mercosur Customs Union permits a significant expansion of the market. It now means a market of 200 million inhabitants. This "expanded market" will allow the strengthening of certain phenomena that were becoming evident at the beginning of the process of integration.

In the first place, the "expanded market" will permit the consolidation of the export manufacturing sector. Despite some opinions that claim—with little theoretical or factual basis, but with much ideological content—that the process of integration will cause Argentina to specialize in primary goods. However, data on Argentine-Brazilian trade show that Argentine exports to Brazil have a much higher content of manufactured goods than those to the rest of the world. In fact, while 40 percent of our exports to Brazil are manufactured goods, only 28 percent of Argentine exports to the rest of the world are. Mercosur will permit the strengthening of this export

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manufacturing aspect, because the expansion of the market facilitates taking advantage of economies of scale and allows productive specialization.

In the second place, Mercosur will allow the strengthening of intraindustrial commerce (understood as the simultaneous export and import of products pertaining to the same industrial sector) between Argentina and Brazil, a phenomenon that has been growing steadily since the beginning of the integration process. Between 1990 and 1993, the coefficient of intraindustrial commerce in manufactured goods remained at about 50 percent, which means that half of the trade in manufactured goods between Argentina and Brazil was between similar industrial sectors. This is an important fact because it is characteristic of relatively mature economies.

Intraindustrial specialization brings significant gains in efficiency: in a given industrial activity, instead of producing a broad range of products, production is concentrated on a few items, and one trades with neighbors for the rest. In addition, industrial conversion is much less traumatic, as it is carried out within a determined industrial sector.

It must be recognized that Brazil possesses a higher level of efficiency in the production of certain widely used capital goods, and it is likely that these products will prevail in bilateral trade. But the Brazilian manufacturing industry has been characterized by the size of its market. This has permitted the Brazilians to develop efficiently those industries that can benefit by important economies of scale: steel, cellulose and paper, certain chemicals and petrochemicals, etc. It is precisely to this market that the Argentine producer will now have free access.

Small and Medium-sized Companies

Argentina has higher levels of efficiency in those industrial sectors that do not require large-scale production and in which technological specialization is significant. The range of products is highly varied as the possibility for specialization exists in all the industrial sectors.

And it is precisely in these manufacturing sectors, in which the presence of small and medium-sized companies is very significant. Some estimates indicate that about 50 percent of manufacturing exports to Brazil are produced by smaller firms, and the Brazilian market has permitted these firms to specialize their production, becoming more competitive upon gaining access to a market of that size. It will be precisely the smaller firms that, because of their innovative capacity, will have the greatest possibility of adapting to the new market realities.

It is obvious that the relative sizes of the member countries have an influence on negotiations. The "locomotive effect" that Brazil has on the economy of the region is not negligible. But when we bring certain concepts and ideological postures up to date, we realize that if the size of the market and the production of widely used capital goods are important, they no longer have the strategic character that they had in the 1950's or 1960's.

What is strategic, in relative terms, is not the production of capital goods, but the development of dynamic competitive advantages. During recent decades, Argentina has developed an important stock of "human capital." This provides a comparative advantage, one that does not derive from the size of the market but from the quality of its human resources.

In this sense, Mercosur has permitted the joining of two separate realities of great potential: the size and dynamism of the Brazilian economy with the innovative capacity and human resources of Argentina. The myth of self-sufficient nations from the period of import substitution is dead.

What the processes of regionalization are demonstrating is, precisely, the need for complementation and articulation. This is the challenge for Argentina in Mercosur. A challenge that will convert Mercosur into the most powerful tool that Argentina possesses to reach dynamic and sustained growth over time.

Bolivia

Congressmen Want Narcotics Case Involving Navy Clarified

PY3001173395 La Paz LA RAZON in Spanish 20 Jan 95 p A7

[FBIS Translated Text] Deputy Erwin Saucedo, head of the MBL [Free Bolivia Movement] bloc, has said that participation by members of the Armed Forces in drug trafficking "is a particularly dangerous situation for the democratic process."

Saucedo said: "It is a particularly dangerous situation because it involves members of the Armed Forces."

MBL Deputy Alfonso Ferrufino also said the situation is extremely serious, and that a clarification of the situation by the Armed Forces is unavoidable and urgent.

He said: "Armed Forces personnel have been detained, and there were vehicles carrying drugs. Half explanations and justifications cannot be allowed in this case. An investigation must be carried out to determine unequivocally the responsibilities in this case, who is involved, and what punishment they merit."

Otherwise, said Ferrufino, there is a serious risk that the prestige of the Armed Forces as a whole will be at stake, as is happening in other countries.

Erwin Saucedo said that his party will follow up on the investigations being carried out to establish responsibilities in this case. He said, however, that "the Armed Forces cannot be blamed for the irresponsible activities of some of their members."

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Deputy Ramiro Berrenechea of the Pachacuti Axis Movement said that the finding of drugs in military vehicles, and the fact that those responsible are military personnel, shows that Bolivia is going through a period of great infiltration by drug traffickers into various state sectors.

To support his comments, Berrenechea said that drug trafficking has not only infiltrated some levels of the Armed Forces, but also the FELCN [Special Antinarcotics Force] itself and the national economic system.

Deputy Hugo Carvajal of the MIR [Movement of the Revolutionary Left] and Deputy Alvaro Vera of the ADN [Nationalist Democratic Alliance] said that in face of the volume of drugs seized on 18 January, the FELCN should carry out a thorough investigation within the Bolivian Navy to determine if other members of this organization are involved in drug trafficking. The two opposition deputies believe that if the investigation shows that high-ranking military officers are involved in this illegal activity, Congress should act through its congressional organizations.

Armed Forces Urged To Act In View of 'Difficult Moment'

PY2701235295 La Paz LA RAZON in Spanish 20 Jan 95 p A5

[FBIS Translated Text] The facts, which are unequivocal, leave no room for doubts about the direct involvement of Navy officers in drug trafficking activities. In fact, what was discovered by the FELCN [Special Antinarcotics Force] on Wednesday, 18 January, in La Paz has only confirmed the truthfulness of rumors and commentaries that have been circulating for some time, but that for lack of evidence, considering that it is a very delicate matter, could not be brought to light as a denunciation or as a journalistic report.

It is obvious that the criminal activity of those military officers goes much beyond strictly personal involvement. For transporting the drug, they were discovered using official Navy vehicles—two UNIMOC trucks called "caimane"—as well as radios that also belong to the Navy. And what is very serious, the organizational structure of the group was used, because the officers who were caught in such abominable activities carried out operations while taking advantage of their functions, which is also related to their rank and command structure.

These elements, related to others such as the existence of clandestine landing strips in different parts of the country, the strict security measures that protected the transport and shipments of the drug, reveal the existence of a drug trafficking ring embedded in the Navy and which, who knows, may be extended to the Air Force and the Army.

Or, could the 18 January operation have been the first for the group, carried out with such bad luck—for the bandits, of course—that it was discovered in the middle of the road? Most probably it was the last of many operations which had started who knows when. And this is what the FELCN official communique, which was released yesterday, 19 January, gives us to understand, referring to "an international ring of drug traffickers led by a frigate captain of the Bolivian Naval Force."

Severe and rapid action is imperative within the Armed Forces to discover the supposed drug trafficking organization that could be operating within, with the purpose of unveiling and dismantling it immediately, without any personal contemplation or consideration, and fully resisting any and all influence peddling. The responsibility lies now with the top command of the entire Armed Forces.

The worst error high-ranking officers could make in view of this very delicate situation would be to remain silent and, worst of all, to try to hide behind any dissimulation by making remarks or releasing communiques that do not fully comply with the facts, thus minimizing or delaying the information, with the mistaken objective of protecting institutional image and prestige. After all, the institution would be more seriously damaged, because it is appropriate to recall that truth, regardless of how tough it may be, is the only solid support of any good name.

It would be suitable also for those found guilty, independently of their rank and position; of their condition, functions, and assignment; of their merits and awards, to be discharged—Frigate Captain Oswaldo Justiniano was already discharged—so that they can be tried by the regular courts, in this case under Law 1008, because their offenses would be considered common crimes, and not ones of a military nature. By no means should they be tried by the military courts.

Perhaps a purge will be necessary within the Armed Forces in order to root out a cancer that can undermine and destroy them. They are experiencing a difficult moment, and they would behave in a very bad manner if they interpret the criticisms and opinions on the need to punish as an expression of malevolence toward the institution. On the contrary, the idea here is to preserve them from those members who are not loyal to the institution.

Brazil

Cardoso Asks Peru, Ecuador To Cease Conflict

PY3001162795 Madrid EFE in Spanish 1424 GMT 30 Jan 95

[FBIS Translated Text] Brasilia, 30 Jan (EFE)—A Brazilian presidential source reported today that on the night of 28 January Brazilian President Fernando Henrique Cardoso talked on the phone with his Ecuadoran and Peruvian counterparts, Sixto Duran-Ballen and Alberto Fujimori, respectively, and asked them to stop the border conflict. The source said that in reply to

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Cardoso's request, the two presidents promised to do everything possible to stop the confrontation, even though each president believes his country is being attacked.

Brazil, which along with Argentina, Chile, and the United States is a guarantor of the 1942 Rio de Janeiro Protocol that established the borders between the two countries, which Ecuador no longer recognizes, offered to mediate in the conflict.

Brazilian Vice Foreign Minister Sebastiao do Rego Barros said that Brazil is waiting for Lima and Quito to officially accept the mediation. If the mediation is accepted, Do Rego Barros said the mission may be at a diplomatic, military, or mixed level, based on the agreement reached. Do Rego Barros added: "The problem is that neither country admits attacking, or invading the other's territory."

On 28 January the guarantors of the Rio de Janeiro Protocol asked Quito and Lima "to separate their forces and suspend the exercises or operations in the border zone." They also labeled "the worsening of tension in the border zone deplorable," and asked for "the adoption of operational formulas to find a lasting solution to the current conflict."

Do Rego Barros insisted that the guarantors of the 1942 Rio de Janeiro Protocol, which Ecuador declared null in 1960, are willing "to play an important role in the peace negotiations."

Government Not To Send Troops to Ecuador, Peru Border

PY3101011095 Sao Paulo AGENCIA ESTADO in Portuguese 2032 GMT 30 Jan 95

[Report by Tania Monteiro]

[FBIS Translated Excerpt] Brasilia, 30 Jan (AE)—Peruvian and Ecuadoran representatives will meet tomorrow (31 January) for the first time since 26 January, when a conflict erupted between the two countries. The two sides will try to find a solution to their border dispute over the Cordillera Condor region. The meeting will be held at 1530 tomorrow at the Itamaraty office in Rio de Janeiro. If no agreement is achieved then, President Fernando Henrique Cardoso might invite Peruvian President Alberto Fujimori and Ecuadoran President Sixto Duran-Ballen to hold talks. [passage omitted]

The Brazilian Army General Staff has been following with attention and concern the unfolding of the conflict. Since 26 January, Brazilian military attaches stationed in Ecuador and Peru have sent reports throughout the day to the Brasilia headquarters.

Itamaraty spokesperson Vera Machado stated that the Brazilian Government is not considering the possibility of sending troops to the area. She admitted, however, that a mission consisting of civilians and military personnel could be sent to the two countries to help in the peace negotiations. She made it clear, however, that no decision has yet been made on any such mission.

Machado said that there is no specific agenda for tomorrow's meeting. She noted, however, that she does not believe in a revision of the terms of the Rio Protocol, which had defined the border that under question today. She does not believe a new demarcation of the border could be completed over a short period of time. [passage omitted]

The Itamaraty spokesperson added that the guarantor countries, that is, the four countries that guaranteed the 1942 protocol, are asking for a cessation of hostilities and for a resumption of dialogue to seek a lasting, permanent solution. In a communique released today, the guarantor countries ask for "overcoming the grave crisis that broke out between the two countries," and reiterated the need for a prompt suspension of military operations in the area. The communique emphasized the OAS efforts in support of this mission. Machado said there is no conflict between the OAS proposal and that of the guarantor countries.

According to Machado, President Cardoso talked with the Ecuadoran and Peruvian presidents over the weekend. On 29 December, Ecuadoran President Duran-Ballen called Cardoso, who informed him that the meeting would be held today to seek a consensus on the dispute. Cardoso asked the Ecuadoran and Peruvian presidents to end the confrontation.

Paper Reports Company Sold Rockets to Peru

PY3101033695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2130 GMT 30 Jan 95

[FBIS Translated Text] Brasilia, 30 Jan (AFP-NA)—The local daily CORREIO BRAZILIENSE today reported that a Brazilian arms factory has supplied SBAT-70 rockets to Peru—currently engaged in an armed conflict with Ecuador—during the past five years. The SBAT rockets may be launched by remote control from helicopters.

No confirmation of the newspaper report could be obtained at the Brazilian Aeronautics Ministry or the Foreign Ministry, where there was concern about Brazil's image in light of its role as a guarantor country of the Rio de Janeiro Protocol of 1942, which established the 1,800 km border between the two countries, with the exception of the 78 km segment that is now being disputed.

Avibras [Avibras Aerospace Industry, Inc.] is reportedly the supplier of the Peruvian Air Force. Avibras, headquartered in the city of Sao Jose dos Campos, Sao Paulo State, manufactures the ground-to-ground missile Astros, which was used by Saudi Arabia in the Gulf war in 1991. The Astros missile was not sold to either

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Ecuador or Peru, however, even though it had been offered to both prior to the start of this conflict.

CORREIO BRAZILIENSE claims that Avibras is currently facing a serious financial crisis and that its banking accounts had been frozen nationwide by Treasury Secretary Murilo Portugal in December 1994.

Despite the sale of rockets, the newspaper report notes that neither Peru nor Ecuador is a major purchaser of Brazilian weapons.

Multi-Country Loan to Mexico Called 'Positive'

PY3101021195 Sao Paulo AGENCIA ESTADO in Portuguese 2137 GMT 30 Jan 95

[By Itamar Garcez]

[FBIS Translated Text] Brasilia, 30 Jan (AE)—President Fernando Henrique Cardoso does not believe that his government's image will be eroded as a consequence of the nearly $1 billion loan that Brazil, Argentina, Chile, and Colombia will grant to Mexico. Ambassador Sergio Amaral, presidential spokesman, said on 30 January that "this operation will not erode the government's image."

The government believes "the operation has all the elements to be positive because it will show Brazil's interest in participating in cooperation among central banks' operations." Amaral explained that the government is not trying to gain popularity as a result of "necessary domestic expenditures," such as the minimum wage hike, or the loan to Mexico.

If the government decided to use these funds to invest in social programs or to increase the minimum wage, as some politicians have suggested, the government would cause the monetary base to expand because it would have to exchange dollars for reals. As a result, Amaral said, the government would have to print money and would thus increase inflation. "Such a thing would increase inflation, and this is incompatible with the stabilization program."

The spokesman revealed that the type of operation and the overall amount to be lent still have not been decided upon, nor has it been determined whether it will be necessary to submit the operation for the Senate's approval. Amaral added, however, that guarantees on the loan are reassuring, and will perhaps be supplied by the IMF.

Amaral confirmed that the operation will be conducted through the BIS (Bank for International Settlements), based in Switzerland. Brazil will have to authorize the bank to deposit a small portion of its foreign reserves (which total almost $40 billion) at Mexico's disposal.

He also confirmed that Central Bank President Persio Arida and Finance Minister Pedro Malan are responsible for the negotiation abroad of the loan, which will be granted through a credit line. The Senate will be informed about the credit operation at any rate, even if voting is not necessary. Amaral said: "If voting is required and the Senate rejects the proposal, the executive branch will accept the Senate's decision."

Free Trade Zone, Trade Talks To Be Enhanced

PY3001131895 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jan 95 p 3

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Ambassador Jose Arthur Denot Medeiros, the Itamaraty secretary for economic affairs, reported on 25 January that Common Market of the South member countries will probably meet with the five countries that make up the Andean Group (Ecuador, Venezuela, Colombia, Peru, and Bolivia). The meeting will take place in Lima on 8 and 9 February. It will seek to enhance the negotiation of a free-trade area between the two groups.

Ambassador Denot Medeiros met with Alberto Poletto, the Venezuelan minister of development and president of the Venezuelan Institute for Foreign Trade. The two countries are concluding the negotiation of an additional protocol for economic complementation.

Venezuela Seeks To Increase Oil Sales to Brazil

PY3001144895 Rio de Janeiro O GLOBO in Portuguese 27 Jan 95 p 25

[FBIS Translated Text] Brasilia—Venezuelan Development Minister Alberto Poletto [name and title as published] said on 26 January that his country wants a five-fold increase in its oil exports to Brazil in 1995. He expects oil sales to reach $1 billion per annum, compared to the $170 million reached in 1994. He also announced that Andean Pact countries—Colombia, Ecuador, Peru, Bolivia, and Venezuela—want to establish free trade agreements with Mercosur [Common Market of the South] countries.

The visit by Poletto, who also heads the Venezuelan Foreign Trade Institute, is part of a strategy to promote commercial ties with Brazil. In addition to increasing oil exports to Brazil, Poletto highlighted Brazilian investments in Venezuela, among them the opening of a brewery.

Andean Pact countries will meet in Lima, Peru, on 8 and 9 February. During this meeting, a decision should be made to further approach Mercosur through protocols and a reduction of commercial barriers. Bolivia and Chile have already made frequent contacts with Mercosur countries.

Chretien Seeks Transfer of Imprisoned Canadians

PY3001172795 Sao Paulo AGENCIA ESTADO in Portuguese 2041 GMT 27 Jan 95

[FBIS Translated Text] Brasilia, 27 Jan (AE)—Canadian Prime Minister Jean Chretien today formally asked

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President Fernando Henrique Cardoso to transfer David Spencer and Christiane Lamont to Canada. They are being held in Sao Paulo, charged with being members of a gang that abducted entrepreneur Abilio Diniz in November 1989. A Brazilian-Canadian agreement for the transfer of prisoners is deadlocked in the Senate. Cardoso noted that "the situation is complicated," but promised to study it carefully.

"I hope they will return immediately to Canada, but there is nothing else I can do," the prime minister said after a lunch hosted at Itamaraty. Chretien admitted that the problem is complicated. He said: "We experienced a similar situation in Chile, while Brazil is having the same problem with Israel." He was referring to a Brazilian woman who was arrested in Israel on drug-trafficking charges.

Chretien noted that Canadians are alert to the case, but pointed out that he cannot resolve the situation. Cardoso explained that the case is under discussion. Cardoso said: "I am aware of the importance of human rights and we will carefully study the subject."

The agreement for the transfer of prisoners, which might permit the return of the couple to Canada, needs Senate approval. The Brazilian and Canadian Governments have been negotiating the agreement, with the approval of the UN Human Rights Commission, before the abduction of Diniz. The United Nations believes foreign prisoners should serve their prison terms in their own countries.

The extradition treaty that Chretien and Cardoso signed today does not apply to this case, because it applies only when a country wants to recover a criminal who sought shelter in another country. The agreement states: "Each signatory state agrees to extradite to the other, within the context of this treaty, any person wanted for penal proceedings or for imposition of a sentence by the requesting state, on crimes for which extradition applies."

PT National Meeting Views Need for Changes

PY3101114095 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 30 Jan 95

[Speakers identified by screen caption]

[FBIS Translated Text] The Workers Party, PT, has decided to propose amendments to the constitutional reform. Victories, defeats—everything is being evaluated at the PT meeting. The party was founded 15 years ago, has 49 deputies, 5 senators, 52 mayors, and 2 governors. It now wants to implement changes, but these must begin within the party itself.

[Begin Espirito Santo Governor Vitor Buaiz recording] This habit of permanently and belligerently criticizing those in the government must change within our party. [end recording]

The PT will spend the week organizing its form of opposition. The party wants to participate in the constitutional reform and believes it is essential to define who will pay for the deficits. It proposes a different sort of fiscal reform that levies taxes on those who have large incomes. Taxes must be levied on the largest fortunes, assets, and estates. The PT wants to modify areas that the government has not even mentioned and will propose reforms in agrarian and urban areas, as well as changes in the judicial branch. It also wants to democratize the means of communications and of politics through a new electoral law.

At least for the time being, Luiz Inacio Lula da Silva does not want to talk about electoral campaigns or candidacies. He is resuming the party's presidency. He believes the government's objective is to end the monopolies of the Brazilian Petroleum Corporation and Brazilian Telecommunications, Inc., and to end job stability for public employees.

Lula does not believe in the forces that support the government and considers it very difficult to reach a consensus, particularly regarding taxes. He is willing, however, to lead the party during the debates.

[Begin Lula recording] We plan to hold talks with the political parties, and with the government itself, to show that we have proposals and want to sponsor a debate, within society, about the changes that must be implemented in Brazil. [end recording]

Drug Trafficker Expands Control Despite Rio Operation

PY3001140695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jan 95 Section 1 p 10

[FBIS Translated Text] Although the Rio Operation is still in full swing, alleged drug trafficker Jose Roberto da Silva, aka "Robertinho de Lucas," is expanding control over the northern districts of Rio de Janeiro.

DRE [Civil Police Drug Enforcement Headquarters] Director Maurilio Moreira said Robertinho has controlled drug trafficking in the Paradas de Lucas area for several years.

It seems that at the end of last year the alleged drug trafficker also took over the Kelson's, Marcilio Dias, and Cidade Alta slums.

The operation conducted by marines on 24 January may have confirmed the DRE investigation. The Navy has reported that it arrested three alleged managers of Robertinho's drug trafficking business.

Robertinho's actions coincided with the start of the Rio Operation last October to fight organized crime.

It appears that last November he began to attack drug traffickers in Kelson's slum (Penha District), where Carlos Miguel da Silva Farias, aka "Boi," controlled the drug trafficking.

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Boi held out until 26 December, when he was killed by a group allegedly headed by Robertinho.

Moreira believes Robertinho wants to consolidate his position because Parada de Lucas is one of the slums most controlled by the military.

It was in Parada de Lucas that the Navy seized the largest amount of drugs within the framework of the Rio Operation (90 kg of a mixture that comprised 15 kg of cocaine and a powder).

The best drug-selling posts in Rio de Janeiro are allegedly in Parada de Lucas. Moreira said: "It is an alleyway-like area (one reaches the slum through Brasil Avenue, the most important in the northern area of town). Everyone goes there to buy drugs."

The police consider Robertinho to be the Third Command's only significant leader. The Third Command competes with the Red Command, which is the main component of Rio de Janeiro's organized crime.

An arrest warrant was issued against Robertinho six months ago. The warrant specifies drug trafficking charges and has not been implemented because Robertinho is protected by the local community.

Robertinho is famous for rendering social assistance to the people who live in the areas he controls. He is said to distribute food, medicine, and even money to slum dwellers.

Chile

Foreign Minister on Guarantors' Proposals To Solve Crisis

PY3101111395 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1040 GMT 31 Jan 95

[FBIS Translated Excerpt] The Peruvian and Ecuadoran ambassadors to Chile have given their personal explanations as to why their respective governments engaged in war. Meanwhile, the four guarantor countries of the Rio de Janeiro Protocol—among them Chile—which established the border between the two countries, have made an urgent appeal for a cease-fire. The deputy foreign ministers of the guarantor countries and of the warring nations will meet in Rio de Janeiro, Brazil.

Today in Santiago the embassies of the two countries in conflict operated normally, attending to their respective citizens. [passage omitted]

Chile will play a decisive role in this conflict because, together with Argentina, Brazil, and the United States, it is a guarantor country of the 1942 Protocol and as such the promoter of negotiations that seek a peaceful solution to this controversy.

[Begin Foreign Minister Jose Miguel Insulza recording] The four guarantor countries will advise the two parties on the need for an immediate cease-fire, they will offer to mediate, to send observers if necessary, and will propose the start of negotiations to solve the conflict once an immediate and unconditional cease fire has been implemented. [end recording]

Ecuadoran Chief Justice Visits, Views Conflict

PY3101044995 Madrid EFE in Spanish 1829 GMT 30 Jan 95

[FBIS Translated Text] Santiago, 30 Jan (EFE)—Ecuadoran Chief Justice Miguel Macias Hurtado stated here today that Ecuador "has been attacked by Peru. One ought to keep this clearly in mind in analyzing the situation." Macias Hurtado made these remarks after meeting with Chilean Foreign Minister Jose Miguel Insulza.

Macias Hurtado also confirmed that he had come to Chile as a special envoy of the administration of Sixto Duran-Ballen "to urge Chile and the other guarantor countries of the Rio Protocol (Argentina, Brazil, and the United States) to act as effectively as they can" to avoid an escalation of the conflict.

Commenting on the need to find a "prompt, peaceful solution, as Ecuador has demanded since 9 January," the Ecuadoran chief justice said that the Ecuadoran-Peruvian conflict over the Cordillera del Condor area not only affects the parties involved, "but all of Latin America."

He added that the conflict "projects an overall image of instability and insecurity in the region, which will discourage investors and hurt the development process."

Macias Hurtado, who met for more than an hour with Insulza, confirmed that President Eduardo Frei will meet with him. He noted that since 9 January "Peru has harassed and provoked the Ecuadoran forces; it has reinforced its border garrisons and launched repeated armed attacks."

The Ecuadoran chief justice added that from the outset of the hostilities, Ecuador has demanded a peaceful, just solution and has called for the mediation of the guarantor countries, of the OAS, and of the UN Security Council. It has also called for the presence of international observers in the conflict area.

Macias Hurtado concluded by stating that "Peru has rejected the mediation of (OAS Secretary General) Cesar Gaviria and has remained silent about the other initiatives. The aggressor opposes peace."

Insulza said that the meeting scheduled for tomorrow in Brasilia [as received] among the guarantor countries of the Rio Protocol will be decisive for a peaceful solution to the conflict between Peru and Ecuador.

Insulza confirmed that after intensive diplomatic negotiations held during the weekend by the guarantor countries (Argentina, Brazil, Chile, and the United States), it

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has been decided to hold a meeting tomorrow, 31 January, at which the two conflicting parties will also be represented.

Insulza declined to go into details, but diplomatic sources said that the first step would be to call a cease-fire in the area of the conflict. He said: "Some proposals for resolving the conflict will be debated in Brasilia, and we trust that they will help us find a peaceful solution."

According to Chilean Foreign Ministry sources, Chilean Vice Foreign Minister Mariano Fernandez and Foreign Policy Director Fabio Vio will attend tomorrow's meeting in Brasilia. Insulza did not rule out, however, the possibility of him personally going to the Brazilian capital.

Native Forest Ecology Groups Meet

95WN0079A Santiago EL MERCURIO in Spanish 9 Jan 95 p C4

[by Valeria Torres L.]

[FBIS Translated Text] Las Cascadas, X Region—The Defenders of the Chilean Forest described the preliminary draft of the law on the recovery of the forest and forest promotion, now under study in the Ministry of Agriculture, as a change in strategy in the area of protecting the forest native to our country.

The organization, gathered at its first national convention in this resort on the banks of Lake Llanquihue, described the initiative as "more daring" compared to the previous draft bill, which has been awaiting passage in Congress for four years.

The meeting called together for the first time, one year after the group's founding, persons and organizations throughout the country who make up the group's network.

The Defenders of the Chilean Forest is an organization that seeks to publicize the status of the forest and to create civic consciousness over the need to protect it.

One of the subjects addressed in the assembly was the preliminary draft of the Law on Recovery of the Native Forest and Forest Promotion, drafted by the Ministry of Agriculture, which has not yet officially been made public. The bill is still under review by the government, and it is not certain when it will be transmitted to Congress as a replacement for the bill that is now pending there.

In that regard, Diego Garcia, of the group's legal department, said that from a very preliminary reading of the draft, it is clear that it contains a change in strategy, because it emphasizes aspects of protection, without prejudice to norms that continue to be arguable and controversial. He added that the preliminary draft is more daring due to the fact that, as stated in Article 1, its purpose is to stimulate the growth, recovery, and regulation of the native forest, so that it will be able to fulfill its function of protecting the soil, ecosystems, and associated habitats, and eventually provide sustainable forestry production.

Diego Garcia said that the group is preparing a detailed, comparative examination of both texts.

The purpose of the convention, which was attended by more than 50 ecologists from all over Chile and abroad, was to establish goals for the organization's work.

In that connection, Adriana Hoffmann, national coordinator for the group, said that the organization will undertake specific actions in 1995. However, she said that they will continue to file complaints, as in the case of the export of wood chips from the native forest and the auction of the reserve at Llanquihue.

One of the activities they intend to carry out in 1995 is to organize lawyers for the defense of Chilean forests and to explore the best way to use existing laws for their defense.

Garcia said that they are working together toward this goal with lawyers Fernando Dougnac and Valdemar Monsalve by preparing a manual, so that municipalities will be aware of and able to use the means currently provided by law to protect the forests. He added that the manual will also allow citizens who are not specialists in the subject to make better use of available means to preserve the forest.

Adriana Hoffmann said that, for this year, the group is also planning the preparation of a manual for alternative uses of the Chilean forest. They are working on this project together with biologist Flavia Liberona to prepare an index listing all the native species and alternative uses—medicinal, ornamental, or otherwise—for each one.

The national coordinator also said that the organization would be able to carry out projects in 1995, as it had become a legally registered organization a few days ago.

Also participating in the assembly, which was held at Las Cascadas in Region X, was Claudio Donoso, a forestry engineer at the Universidad Austral of Chile and the president of the Forestry Engineers for the Native Forest, who spoke on sustainable management of the forest.

The Defenders of the Chilean Forest, which has local coordinators in Regions VI, VII, VIII, IX, X, and XII, filed numerous complaints during 1994. One involved the firm Golden Spring, on Chiloe Island, by which they succeeded in stopping the firm's activities. They also denounced illegal cutting of araucaria trees near Melipeuco, in Region IX, and illegal cutting of rauli trees in Region X. In addition, the organization managed to collect more than 100,000 signatures in 1994 in a campaign to gather popular support for the conservation and sustainable management of the native forest.

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Ecuador

President Duran-Ballen Urges Cease-Fire for Talks

PA3001180795 Quito Voz de los Andes in Spanish 1700 GMT 30 Jan 95

[Speech by President Sixto Duran-Ballen from the Presidency of the Republic in Quito—live]

[FBIS Translated Text] Young Ecuadoreans, brave youth of our fatherland. Yesterday, throughout the night, and again this morning, the Ecuadoran population has been present in this plaza, as well as in other similar plazas and public parks throughout the country. This is quite moving for those of us responsible for handling the country's public affairs; it is also encouraging to know that we are being supported by Ecuador's younger generation.

We are now undertaking, as we have been doing since the first incident in this latest chain of events that broke out during December and worsened during January... [pauses] The National Security Council has been meeting in order to determine what best suits the nation's future and well-being.

That is why the presidents of the National Congress and the Supreme Court of Justice are here today. This means that the three branches of government are standing side by side in adopting a decision in representing the national unity which you also represent here this morning. We are prepared to forge ahead; on this occasion we do not intend to turn back. On this occasion we intend to forge ahead with dignity.

A few minutes ago we were able to speak to representatives of the guarantor nations and with the OAS secretary general. I pointed out to all of them, in the name of the Ecuadoran people and the National Security Council, that Ecuador is not the aggressor. Ecuador was attacked, and we are not going to withdraw from our positions. We are ready to accept an unconditional cease-fire in order to speak, negotiate... [cheers, shouts, applause] We are willing to accept international observers to confirm that we are keeping our word in this matter. But there must be an immediate cease-fire on the other side, and they must accept international observers in order to ensure that they also keep their word.

Neither I nor any of my representatives is prepared to sit down at a negotiating table as long as there is no unconditional cease-fire. If this is necessary, this younger generation has indicated that it supports this attitude of self-respect. Ecuadoreans, we must remain united. Thank you, young people of Ecuador, for being here with us.

Urges Peru To Agree to Cease-Fire

PA3101004695 Quito Voz de los Andes in Spanish 2341 GMT 30 Jan 95

[Speech by President Sixto Duran-Ballen from the balcony of Carondelet presidential palace in Quito—live]

[FBIS Translated Text] Fellow citizens: Thank you, thank you, people of Pichincha, for coming here with your prefect. Thank you, Prefect, for being here, and congratulations to you and the people of Pichincha for this show of support for the national government.

It took me a few minutes to come down here because I was being interviewed by two international television stations. I told them what I have already told the country, what the former presidents have already said: I told them that Ecuador remains firm in its position. [crowd cheers]

From the very beginning, when it was first implied that Ecuador had to back down for a cease-fire to be declared, I said: No! [crowd cheers]

I have said many times that we are ready to agree to a cease-fire if Peru agrees to an unconditional cease-fire as well. Only then, only if both countries agree to maintain their positions will we be able to sit down at a table and discuss what could be the definitive solution to this problem, which both countries want.

Today someone implied that this could be a political maneuver by either country. There has been no political maneuver on my part. We have not attacked anyone. We have been attacked, and we have rejected that aggression. Fellow citizens, Peru has been using this as a political measure. It is a shame that lives have been put on the line in both countries for a political whim! Ecuador rejects this. [crowd cheers]

We definitely reject being the political instrument of a foreign political campaign. We are going to remain in our posts, and we are going to participate in negotiations only when an unconditional cease-fire is established by both countries. Meanwhile, Ecuador will remain firm in its position with the support of the Ecuadoran people, who are here beside their president and in the presence of God. Thank you. [applause, cheers]

Foreign Ministry Announces Cease-Fire 30 Jan

PA3101065195 Madrid EFE in Spanish 0638 GMT 31 Jan 95

[FBIS Translated Text] Quito, 31 Jan (EFE)—The Ecuadoran Foreign Ministry on the evening of 30 January announced a cease-fire and suspension of all military or nonmilitary activities against Peru as of 0800 (1300 GMT), [times as received], "to go into effect" four hours later, an official bulletin has reported.

A commission of representatives from Argentina, Brazil, Chile, and the United States "will oversee the fulfillment of the cease-fire," the bulletin added.

Ecuadoran Deputy Foreign Minister Marcelo Fernandez will attend today the "high-level diplomatic" meeting to be held in the coming hours in Brasilia, the Ecuadoran official communique added.

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The meeting was convened by the four guarantor countries of the Rio de Janeiro Protocol.

According to the bulletin, the cease-fire responds to the "sentiment of the Ecuadoran people that peace between states, particularly between neighbors, is fundamental to their development and welfare."

The agreement to end the hostilities, which erupted on Thursday, 26 January, was reached thanks to the four countries who will oversee its fulfillment and who are guarantors of the 1942 agreement.

Ecuador "greatly appreciates the efforts undertaken by the Governments of Argentina, Brazil, Chile, and the United States with the purpose of overcoming this dangerous situation," the communique stated.

Peru Said To Accept Cease-Fire

PA3101142295 Quito Voz de los Andes in Spanish 1200 GMT 31 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador and Peru have accepted a cease-fire that will enter into force at 0800 [1300] today. Both countries, which staged a series of armed clashes, have also agreed to allow observers from the guarantor countries of the Rio Protocol to oversee the fulfillment of the cease-fire.

The cease-fire is the first step in ending the armed conflict initiated by both countries on 26 January, a conflict which has left at least 31 fatalities.

The cease-fire between both countries will definitely enter into effect today, as per the request made by guarantor countries. Ecuador presented a report before the OAS yesterday. Ambassador Dr. Blasco Penaherrera Padilla explained the situation so the international community can understand Ecuador is not the attacking country but, rather, the country under attack by Peru.

Let us hear the highlights of the speech by Dr. Blasco Penaherrera Padilla, Ecuadoran ambassador to the OAS, when he called for an immediate meeting of OAS foreign ministers, which was later accepted by the OAS. All dailies of the country have agreed Ecuador has won, at least for the time being, on the diplomatic front. Let us listen to Blasco Penaherrera:

[Begin Penaherrera recording, in progress] ...Peru against another country—Ecuador. They are both members of the organization; second, the massive and, therefore, extremely serious nature of this aggression, which is reflected by a high number of casualties on both sides, the destruction of equipment, and all sequels of the war; third, the evident possibility that these clashes may result in large-scale military operations in densely populated areas in Ecuador that are under the protection of the already demarcated border between the two countries, as inferred by the fact reported by the international press that Peru has concentrated troops and war materiel in a proportion that largely exceeds the limits of defensive or deterring measures.

Fourth, Ecuador has demonstrated its willingness since the very beginning of the conflict to allow all interventions from friendly governments and international organizations and officials, so as to achieve the immediate and total cessation of military operations on both sides and the beginning of conversations and studies leading to definitive solutions to the long-standing dispute with Peru. [end recording]

The cease-fire will enter into force at 0800 today, 31 January. The conditions set by Ecuadoran Ambassador Blasco Penaherrera to negotiate with guarantor countries were accepted by the OAS, and the deputy foreign ministers of Peru and Ecuador will meet in Rio de Janeiro in the afternoon today to negotiate the end of hostilities. The two countries accepted the creation of a commission comprised by representatives of guarantor countries to verify compliance with the cease-fire.

Deputy Foreign Minister Marcelo Fernandez de Cordoba will travel to Rio de Janeiro this morning to meet with his Peruvian counterpart and to reestablish an understanding to find a solution to this impasse.

Duran-Ballen Interviewed on Border Dispute

PA3101053595 Mexico City XEW Television Network in Spanish 0435 GMT 31 Jan 95

[Interview with President Sixto Duran-Ballen via satellite from Quito by Jacobo Zabludovsky; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Zabludovsky] Good evening, Mr. President.

[Duran-Ballen] Good evening to you, Jacobo.

[Zabludovsky] Thank you for granting us this interview amid so many problems and given your heavy schedule, Mr. President. We think, however, that it is important to define the position of two countries that are now on the brink of war. How did Ecuador and Peru reach this point, Mr. President?

[Duran-Ballen] We have suddenly come to this situation—despite the spirit exhibited by all of Latin American a few weeks ago in Miami—because the Peruvian Government decided to attack some Ecuadoran towns and detachments in an as of yet undemarcated area along our border.

Ecuador could not accept this. We repelled the fire; we responded to the fire. We were victims of an aggression; we were not the aggressors. We did not attack a single Peruvian town or detachment. They are the aggressors, and we were forced to meet fire with fire. That is why we are facing this situation, which of course we do not view as a demonstration of true integrationist spirit.

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[Zabludovsky] Mr. President, there is a zone along the border that is not well demarcated. Why did this happen? Why is it not demarcated?

[Duran-Ballen] Look, the problem is relatively simple. The 1942 Protocol established a specific line from the northern sector of the country in a place called (Epi) to a place called Yaupi. The demarcation was completely accepted by the two countries up to that point. From there, some boundary marks were posted up to the so-called 20 November boundary mark. At that point there is a geographical situation of which neither the two countries, Ecuador and Peru, nor the guarantors—Argentina, Brazil, Chile, and the United States—were aware.

The protocol stated that the water dividing line [divisorio de aguas] between two rivers, toward the eastern side, the Santiago River, and toward the western side, the Zamora River should be followed.

Everyone thought there was a single mountain range that could establish where the water between the two rivers could be divided along the summit. But, given that we were not aware of the geography of the area—this is the heart of the jungle—we found out during the rethinking process—the group of guarantors and our two countries, not us unilaterally—that there was a river called Cenepa.

This river appeared on the old maps as a small tributary, one of the many tributaries of the Amazon River. Instead of being some 20 to 25 km, as was shown on the old maps, it was approximately 200 km long. Therefore, instead of having two basins—one of the Santiago River and one of the Zamora River—there was another basin in the middle resulting in two divisions. One was between the Santiago and Cenepa Rivers, and another was between the Cenepa and Zamora Rivers. We have not reached an agreement on the possibility of executing the Rio Protocol.

During the administration of President Galo Plaza, Ecuador had already stated that the Rio Protocol could not be executed in this area. Since then it has not been possible to execute it, because Peru has sought to impose its version of what the line should be. A few days ago I spoke on the telephone with President Fujimori, who told me that we should redefine the line, crossing the Condor Mountain Range and at the headwaters of the Cenepa River. The Rio Protocol, however, does not mention these two geographic features. Therefore, one could hardly redefine it according to geographic features that were not known and which are therefore not mentioned in the Rio Protocol.

In the nutshell, that is the reason why we have not been able to close this part of the border.

[Zabludovsky] Mr. President, how can we propose practical solutions so that, instead of tension, deaths, and a greater risk of war, we can eliminate the threat and create possibilities for permanent peace in that region?

[Duran-Ballen] That's the way it is, Jacobo. When I first had an occasion to get acquainted with President Fujimori during the power transition ceremony in 1992, I told him that since he and I are technicians, and as technicians we are objective, we should view this problem objectively and look at this geographic reality. I invited him to get together to examine the problem and seek a solution that will be fair to both countries, but one that at all times will signify territorial continuity so Ecuador will be an Amazon country, as it has been throughout its history. The solution proposed by Peru would cut us off from the Amazon River and we would not be an Amazon country.

I think the thing to do at this point, the immediate thing, is for both countries to agree to a cease-fire. Ecuador has said it accepts a cease-fire. It agrees to have observers come see that we are respecting a cease-fire. Peru has not agreed to this. If Peru accepted simultaneously, and we established a time—today at midnight, tomorrow at 0600 or at 1200, whatever hour we agreed upon for a cease-fire—the logical thing would be to sit down at a table and discuss this with the same spirit of integration that we both upheld during the Miami Summit convoked by President Clinton in December.

We spoke of integration, of exchange; we said the entire continent should be united with this reciprocal trade and exchange by the year 2005. This is what makes it so amazing that only a few weeks later there has been this aggression against our country.

[Zabludovsky] Mr. President, if you and Mr. Fujimori have spoken on the telephone....[pauses] I understand that the status of relations has deteriorated to the extent that it will not be easy for you to pick up the telephone and call him, or vice versa. I know, however, that President Fujimori watches this program on a regular basis. Would you like to convey to him, through this program, a message?

[Duran-Ballen] Of course, of course Jacobo. The message would be the same one which we have always conveyed: Let's agree to an unconditional cease-fire at this time, without asking that we pull back from positions where we have been for several decades. We are not making any such demand of Peru. Let's sit down at a table, calmly, with the participation of the guarantor countries, with the participation of the OAS, with any international organization, and discuss our problem. We have done so on other occasions with President Fujimori, and I think we could do so again.

Unfortunately, Peru's position has been, through its president and representatives, that we pull back from positions to which Peru aspires. This would be tantamount to accepting a unilateral decision on the location of a line, which would be as arbitrary as any other, because, I reiterate, it is impossible to apply the Rio Protocol. What both countries must do is recognize that this geographic reality exists, which prevents us—

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regardless of what we want—from drawing a line that reflects a geographic reality different from that which we have found along the way.

In 1942, neither Peru, Ecuador, nor the guarantor countries were aware of this reality: that there was not just one water division. But look, Jacobo, if there had been only one mountain range, and we would have logically accepted that the line went through the summit, the end of this line would have reached the Amazon. Thus, the spirit of the protocol is that Ecuador should be an Amazonian country.

Peru wants to drive us completely away from the Amazon. That is not fair. The Amazon River—you might have seen it on old maps—was also called the Quito River because in 1542 the mission that discovered the Amazon River left Quito toward the east. This mission reached the Atlantic. It is said that this discovery was for the glory of Quito. That is all we ask for our river.

[Zabludosvky] Thank you very much, Mr. President.

[Duran-Ballen] Thank you very much. I am honored by your call.

Official 'Pleased' With OAS Resolution on Dispute

PA3101040795 Madrid EFE in Spanish 0303 GMT 31 Jan 95

[FBIS Translated Text] Quito, 30 Jan (EFE)—Blasco Penaherrera, Ecuadoran ambassador to the OAS, said he is "pleased" with the developments and final resolution issued at the urgent meeting held by this continental organization in Washington today at his country's request.

The Ecuadoran ambassador's "satisfaction" is understandable. He said it was initially believed that due to "the combination of historical interests," the meeting of the OAS ambassadors could have ended in a "lukewarm declaration of brotherhood, or something to that effect, but luckily that was not the case."

"The moral aspects of the explanations of the Ecuadoran situation had a greater impact on the representatives as human beings," Penaherrera told Radio Quito by telephone from Washington. The participants at the urgent meeting agreed to hold a meeting of OAS foreign ministers even though Peru says the solution to the conflict between the two countries should be sought by the guarantor countries of the Rio de Janeiro Protocol on the Ecuadoran-Peruvian border (Argentina, Brazil, Chile, and the United States).

"The text does not entirely please everyone; there are things with which either side may disagree. Ecuador would have felt better if the text had been more in line with the basic objectives of the meeting; however, we had to give in because that is the way an organization like the OAS operates," he said.

He added: "We have to look beyond numerical victories of one or two votes. We have to seek a consensus. That resolution, approved by consensus, has enormous moral strength to guarantee what interests us most: the restoration and preservation of peace."

"Subsequent processes and complementary mechanisms dealing with the border delimitation are complementary, but not fundamental," Penaherrera said.

Spokesman Views OAS Vote, Attendance at Guarantor Meeting

PA3101043895 Quito Voz de los Andes in Spanish 0338 GMT 31 Jan 95

[News conference by Government Spokesman Enrique Proano with unidentified reporters from Carondelet presidential palace in Quito; broadcast in progress—live]

[FBIS Translated Text] [Proano]...in the sense that it should be the American foreign ministers who should resolve the border conflict between Ecuador and Peru. Therefore, this important forum is open. I should also inform you that our Foreign Ministry is working intensely at this very moment and will continue to do so in the coming hours with the purpose of creating the possibility of Ecuador attending that important international forum.

[Reporter] Will any delegation be sent to Brazil, Mr. Proano?

[Proano] As I have told you, and as you have heard, I have no further instructions. Good evening.

[Reporter] That was Mr. Enrique Proano speaking from the presidency regarding the OAS resolution.

[Announcer] Thank you for this important information for the country. It was learned a few minutes ago that the Ecuadoran Government spokesman made a public statement to inform the country of the government's position after the permanent commission of the OAS voted and supported Ecuador's decision to convoke an urgent meeting of OAS foreign ministers. The most important thing is that Mr. Enrique Proano left open the possibility that Ecuador might be present tomorrow at the meeting of the guarantor countries, which will be held in Rio de Janeiro. This has been an important last-minute report. As Enrique Proano said, the country is making all necessary diplomatic efforts so we can proceed under the appropriate terms. In other words, we seek to abide by our country's peacekeeping position to solve the territorial conflict that has Peru and Ecuador at war at this moment. This was a last-minute report. Ecuador may possibly attend the meeting of the Rio guarantor countries tomorrow.

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President: Country Not Consulted on Guarantor Meeting

PA3101022595 Paris AFP in Spanish 0148 GMT 31 Jan 95

[FBIS Translated Text] Quito, 30 Jan (AFP)—Ecuadoran President Sixto Duran-Ballen announced on Monday evening that Ecuador will send its ambassador in Brazil to a meeting of representatives of the Rio Protocol guarantor nations on Tuesday. The representative will explain Ecuador's disagreement with the draft document, on which Quito was not consulted, and welcome corrections that will allow the South American nation to participate in the encounter.

In a television address, the president charged that the memorandum calling the meeting was not presented for consultation. It is a "unilateral" document that responds only to the Peruvian position.

He announced that the foreign ministers of Brazil, Ecuador, and Peru have been in telephone contact trying to modify the document, which would make it possible for Ecuador to attend the meeting.

In his speech, Duran-Ballen asked for a cease-fire, which would be verified by international observers.

Duran-Ballen Still Planning To Attend Andean Summit

PA3001203495 Paris AFP in Spanish 1947 GMT 30 Jan 95

[FBIS Translated Text] Quito, 30 Jan (AFP)—Presidency Secretary Santiago Aguilar told AFP on Monday that Ecuadoran President Sixto Duran-Ballen "has not thought about suspending his trip" to the Bolivarian presidential summit scheduled for Cumana, Venezuela. The spokesman said he does not know who make up the retinue but insisted, in response to a question, that the president has not considered suspending his trip.

The date for the summit was set several months ago and must take place on 2-3 February on the occasion of the 200th anniversary of the birth of Marshal Jose de Sucre, Simon Bolivar's right-hand man.

Peruvian President Alberto Fujimori has canceled his trip to the summit.

Aguilar said the Ecuadoran position in Cumana will be "to denounce the Peruvian aggression" against Ecuadoran border detachments, to explain Ecuador's pacifist disposition, and to insist that "Ecuador is the country under attack."

'Diplomatic Offensive' Launched on Border Conflict

PA3101010395 Quito Voz de los Andes in Spanish 2309 GMT 30 Jan 95

[FBIS Translated Text] Ecuador has launched a diplomatic offensive to explain its position on the border conflict with Peru. It announced the dispatching of official missions to Brazil, Costa Rica, Paraguay, and Uruguay. These missions, which will leave within the coming hours, will follow others that have already visited Colombia and Venezuela.

The Ecuadoran Foreign Ministry reported it is making intense efforts through diplomatic missions abroad to keep the international community informed about the conflict with Peru.

Ecuadoran and Peruvian troops are still clashing in an unmarked area of the border area. These clashes worsened Sunday when the Joint Command of the Ecuadoran Armed Forces announced that the Peruvian Armed Forces had launched a massive attack on Ecuadoran border detachments.

The Ecuadoran Government decided to increase its diplomatic presence in the countries of the continent to report on the situation, and it also called for an emergency meeting of the UN Security Council. The Ecuadoran delegation that will travel to Paraguay and Uruguay comprises former Foreign Minister Julio Prado Vallejo and Democratic People's Movement Deputy Juan Jose Castrellon.

Former Foreign Minister Diego Paredes will travel to Brazil and Vice President Alberto Dahik is on his way to Costa Rica and will later head to Washington. An earlier mission comprising Vice President Dahik and Congress Defense Commission Chairman Andres Vallejo met with Colombian President Ernesto Samper over the weekend.

Another mission left this morning for Venezuela to meet with President Rafael Caldera. It is made up of Quito Mayor Yamil Mahuad and former Supreme Court President Francisco Acosta.

Intense Activity Reported on Air Base in Border Area

PA3001190595 Paris AFP in Spanish 1631 GMT 30 Jan 95

[FBIS Translated Text] Macas, Ecuador, Jan 30 (AFP)—Intense activity was noted on Monday at Macas Air Base, as the population began to contribute food and medicine to boost supplies in detachments in the area bordering Peru, mainly those located in the area where armed clashes are occurring.

Soon after daybreak, AFP confirmed that four Ecuadoran Air Force (FAE) fighter aircraft took off at approximately 0845 (1345 GMT) from Macas for the southeast. Although official spokesmen refused to reveal their course, everything indicates that they were on the way to the Ecuador-Peru border.

Although this has not been officially confirmed, it is being said in Macas, where today is a rainy day, that

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Peruvian forces attacked Ecuadoran military detachments and forced the urgent intervention of national combat aircraft equipped with missiles and bombs.

Meanwhile, residents of Macas (capital of the Amazon Province of Morona Santiago) and other communities in the region donated foodstuffs like bread, canned foods, cigarettes, and candy to the Civil Defense for forwarding to troops in the conflict zone, in Cenepa Valley near the Condor mountain range.

AFP has also confirmed that police have extended a cordon around the Macas Airport. For the last several days, the airport had been practically taken over by members and units of the FAE.

The streets of this small town also appeared to be completely militarized by members of the Army and the Air Force. In an otherwise tense atmosphere, calm prevailed among the population in Macas and other nearby towns, where no evacuation of civilians has yet occurred. The local telecommunications center, in turn, was totally congested, evidence that all available telephone lines were being used. "That shows a certain nervousness among residents," a reporter asserted. One of the citizens using the telephone explained that he is really afraid that Peru may attack the area around Macas; he was therefore trying to contact his relatives to learn how they were doing.

Army Corrects Report on U.S. Helicopters

PA3001195695 Quito Voz de los Andes in Spanish 1918 GMT 30 Jan 95

[Report on Bulletin No. 9 issued by the Ecuadoran Armed Forces Joint Command; place, date not given—read by announcer]

[FBIS Translated Text] The Armed Forces Joint Command reports to the Ecuadoran people that today, 30 January 1995, there have not been any attacks by Peruvian forces on the detachments of Cueva de los Tayos, Twintza, Base Sur, Coango, Itza, Teniente Ortiz, and Soldado Monge, which in the past few days were attacked by land and air. As reported in previous bulletins, the Ecuadoran Army is holding all its detachments and positions.

The second point of this bulletin states that the Joint Command, after verifying the information, corrects a previous report and informs that the Peruvian forces have not been using helicopters provided by the U.S. Government for the struggle against drug trafficking. That information developed because of the presence among the attacking helicopters of aircraft the Peruvian Armed Forces do not possess.

The last point of this official bulletin reports that information from Peru that a Peruvian helicopter downed yesterday was downed over a municipality [un area administrativa] is completely false. The helicopter was hit by defensive fire from Ecuadoran detachments that were repeatedly attacked by armed Peruvian helicopters.

Mobilization Directorate Calls Up Marine Reservists

PA3001221695 Quito Voz de los Andes in Spanish 2049 GMT 30 Jan 95

[Communique issued by the Mobilization Directorate of the Ecuadoran Armed Forces Joint Command in Quito on 30 January—read by reporter Edwin Chamorro at the Government Palace]

[FBIS Translated Text] Because of the international emergency prevailing in the country, the Mobilization Directorate of the Armed Forces Joint Command immediately summons Marines in reserve service and second- and third-call conscripts from the 1973 draft who have carried out their military service in the National Army to report to their respective recruitment and reserves centers, to their former qualification councils [words indistinct] and sanctions, or to the Marine Corps in Guayaquil.

The Mobilization Directorate trusts that the two military [words indistinct] will fully comply with this request for the defense of our sovereignty and territorial integrity.

Today, more than ever, the fatherland needs you.

[Signed] The Mobilization Director of the Armed Forces Joint Command.

Armed Forces Joint Command Summons Former Conscripts

PA3101154195 Quito Voz de los Andes in Spanish 1200 GMT 31 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Summons by the Armed Forces Joint Command Mobilization Directorate:

In view of the international emergency the country is experiencing, an urgent summons is hereby being made to all former conscripts of the 1970, 1971, 1972, 1973, 1974, 1975 levy who have carried out their respective military duties as assigned to ground forces.

The former conscripts are instructed to appear before the nearest recruitment and reserve centers and categorization, draft, and penalty boards.

The Joint Mobilization Directorate trusts these conscripts will strictly comply with their military obligations to defend the nation's sovereignty and territorial integrity.

The nation needs you today more than ever.

Signed. Armed Forces Joint Command Mobilization Directorate.

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Communities Advised To Organize Solidarity Brigades

PA3001181495 Quito Voz de los Andes in Spanish 1655 GMT 30 Jan 95

[FBIS Translated Text] Given the national emergency, Quito Municipality and the Provincial Defense Junta of [words indistinct] have issued a bulletin which states the necessity of each neighborhood and community preparing and organizing to support our Armed Forces and maintain order and coexistence. Each city and canton neighborhood will form a solidarity brigade to comply with the following tasks.

1. Control prices and avoid speculation.
2. Avoid unnecessary hoarding.
3. Conserve water, electricity, telephone lines, gasoline, gas, etc.
4. Conduct neighborhood watches to prevent bad citizens from taking advantage of the situation.
5. Make solidary contributions of food, clothing, and towels.
6. Keep the community informed by referring only to official bulletins.
7. Set up first aid centers.
8. Fly a flag from each house.

In order to receive information and properly deliver your donations, your brigade must remain in permanent contact with the Central Municipality, the Central Zone Administration, the Municipal Palace in the [word indistinct] Chile, whose telephone is 512-914. In the North Zone Administration in Amazona de Pereira, the telephone number is 254-476. For Southern Zone Administration, located near the wholesale market, the numbers are 678-276 and 678- 277. For the municipal information center you can call 584-661.

This communique was issued by Yamil Mahuad, mayor of greater Quito, who should be arriving soon in Venezuela on a diplomatic mission.

Government Levies Tax, Announces Emergency Measures

PA3001182695 Quito Voz de los Andes in Spanish 1432 GMT 30 Jan 94

[FBIS Translated Text] In the wake of the conflict with Peru, today the Ecuadoran Government announced the levying of new taxes and the implementation of several emergency economic measures to collect special funds.

Government employees must pay a tax equivalent to two days' wages. The deadline established for banks to forward to the treasury the taxes they have collected will be reduced from eight to four days. The government has also proposed to Congress a new 2 percent, cost-based tax on all vehicles, as well as the elimination of most exemptions from the value-added tax (VAT).

According to a press communique, the government will also review its public investment priorities.

Meanwhile, our colleagues standing by at the Presidency have a report on the conflict between Ecuador and Peru. We will immediately go to [words indistinct]. Good morning, and go ahead.

[Carpio] Thank you, Liz, and good morning. Good morning also to our listeners. This is the first report by Mauricio Carpio and Leyla Carriel from the presidential palace. We have two reports.

The national government informs the country:

The Ecuadoran Government, in fulfillment of its fundamental duty, which is defending the nation's integrity, must have at its disposal adequate resources to deal with the current emergency situation, making every effort to ensure that the actions adopted will ensure economic stability, which is essential to maintaining national sovereignty and improving the well-being of the Ecuadoran people. Within this framework and in full agreement with the authorities that comprise the economic front, the following decisions have been made:

[Carriel] First, to propose to the National Congress the creation of a one-time circulation tax every vehicle in circulation. The tax will be equivalent to 2 percent of the price listed on the vehicle's 1994 registration documents and will be a minimum of 50,000 sucres per vehicle.

[Carpio] To propose to the National Congress the elimination of current exemptions from payment of the value-added tax, VAT. The only exceptions will be medicine and products in the basic family basket products.

[Carriel] Third, to reduce to four days the eight-day deadline the commercial banks must observe in transferring to the Finance Ministry the tax payments they have collected.

[Carpio] Fourth, to implement a permanent operation of tax control in collecting taxes established by law for the institutional [sector formal] and noninstitutional [sector informal] financial sectors.

[Carriel] Fifth, to distribute tax credits and the debit balance of the monetary re-exchange account [cuenta de reexpresion monetaria] in four years at a rate of 25 percent annually.

[Carpio] Sixth, to establish for government employees a tax equivalent to two days' wages.

[Carriel] Seventh, to establish strict control of expenses that do not pertain to the national emergency and thoroughly review public investment priorities.

[Carpio] The Ecuadoran Government confirms its confidence that the citizens of the country will patriotically contribute to the effort that the current situation demands from all Ecuadoreans.

We have been informed that a news conference has been scheduled by Finance and Credit Minister Modesto

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Correa at 1600 [2100 GMT] to explain the scope of the economic measures that are being adopted because of the national emergency.

Spokesman Warns of Peruvian Disinformation Campaign

PA3001215895 Quito Voz de los Andes in Spanish 2028 GMT 30 Jan 95

[FBIS Translated Text] We interrupt this program for a news bulletin: In Quito, Government Spokesman Enrique Proano has warned about the disinformation campaign launched by the Peruvian Government through false reports, rumors, and tendentious statements.

Proano noted that a communique was circulated by an international news agency indicating that the [word indistinct] military sources that Ecuadoran soldiers were dislodged from the source of the Cenepa River, which, he said, is absolutely false. The military forces firmly maintain their positions, he added.

Peruvian Consul Asked To Leave Conflict Area

PA3001184995 Madrid EFE in Spanish 1553 GMT 30 Jan 95

[FBIS Translated Text] Quito, 30 Jan (EFE)—The Ecuadoran Government's State Communications National Secretariat (SENACOM) announced today that Eduardo Gonzalez, Peruvian consul in the border city of Machala, had been invited by Ecuadoran authorities to leave "the conflict zone." Communications Secretary Enrique Proano denies that the Peruvian consul is being held in solitary confinement; "the only thing that has been done is that he has been removed from the theater of operations. To this end, Ecuadoran authorities have diplomatically asked him to leave the conflict area," the SENACOM communique adds.

Spokesmen at the Peruvian Embassy in Quito told EFE that they had been unable to contact their diplomatic representative in Machala.

SENACOM emphasizes that reports on the harassment of Peruvian officials and civilians are all part of a "international disinformation campaign" launched by the Government of Peru, which is being disseminated through "misleading news, rumors, and biased reports." Some of these reports, SENACOM reiterates, are "absolutely false," such as those indicating that Ecuadoran soldiers had been driven out of the area of the Cenepa River, one of the Amazonian sites where the armed conflict began on 26 January. "The Ecuadoran Armed Forces are firmly entrenched in their military positions," SENACOM adds.

It also clarifies the fact that 36 Peruvians from the border cities of Macara and Tumbes had not been expelled, "as has been misleadingly reported to the Peruvian public. It is also absolutely false that the government has taken measures against Peruvian citizens living in Ecuador," it stresses.

The Ecuadoran Communications Secretariat states that it is also not true that "Aeroperu" aircraft are being prevented from landing or that Peruvian journalists in the national territory are being mistreated.

Petroecuador Head: Oil Production Remains on Schedule

PA3101015695 Quito Voz de los Andes in Spanish 2317 GMT 30 Jan 95

[FBIS Translated Text] A Petroecuador [Ecuadoran State Petroleum Enterprise] official has asserted that Ecuadoran oil production and export activities are proceeding normally and that the Armed Forces are protecting the country's oil installations.

Petroecuador President Federico Veintimilla reported that oil production, transportation of crude oil and by-products, oil refining, and export activities are on schedule and that the programs of the firms and their branches have not been modified.

Veintimilla stated that Ecuadoran oil production is being maintained at scheduled levels and that the Trans-Ecuadoran oil pipeline is clearing the oil required not only for refinement but also for export from Balao Port in Esmeraldas Province.

Esmeraldas, Ecuador's biggest refinery, is located 320 km northeast of Quito and was militarized last week. The official also stated that the oil distribution centers had distributed fuel for sale on the domestic market this morning.

The Petroecuador president emphasized that the firm controls all its own operations, thus ensuring an adequate supply of by-products at a national level.

National Policy, Strategy on Border Issue Urged

95P20435 Guayaquil EL UNIVERSO in Spanish 24 Jan 95 p 4

[Commentary by David Samaniego Torres: "Verbal Excesses"]

[FBIS Translated Excerpt] [passage omitted] We Ecuadoreans are extremely sensitive to our border problem. But no one can blame us. The realization that various administrations sold off and distributed, for the most part freely, pieces of our country to neighboring countries still grates on our nerves. What is more burdensome for us is Peru's avarice, its military incursions, and its policy of systematic aggression and pillage. Peru has under its dominion a good part of what was once ours. Nobody doubts this, not even those Peruvians who are aware of the situation. It is logical that Ecuadoreans are outraged when this border episode continues to flare up with the express purpose of worrying our leaders and battering our territorial integrity. [passage omitted]

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It is therefore necessary that the National Security Council, our congressmen, the Supreme Court, and the Executive branch delineate a policy and strategy to be carried out by all Ecuadoreans. I am happy to observe that the fire, started a few days ago over the awareness or unawareness of the Pachacutec affair, is being extinguished. Individual interests must be put aside and such important issues must be addressed with the reverence, prudence and nobility that the majesty of the Fatherland inspires. The people, also, must not remain in the dark when our national honor on our border is at stake. Timely and appropriate news will alert public opinion and lead it to close ranks around national defense.

It is also of the utmost importance that anger and impulsiveness be set aside by the politicians. The minister of National Defense should not intervene in political affairs nor use his high rank to enhance his own image. He should also not use his position as a catapult to hurl insults at his adversaries nor as a rostrum to conduct unimportant verbal skirmishes. It is playing with fire, it distorts the function of the military, and it creates improper precedents. Fresh air is needed in the government team at this point and would be welcomed by opposing parties.

Paraguay

Wasmosy Offers To Mediate Peruvian-Ecuadoran Conflict

PY3101015195 Asuncion Red Nacional de Television in Spanish 2300 GMT 30 Jan 95

[FBIS Translated Text] This afternoon, the Paraguayan Government offered to act as mediator in the armed conflict that broke out five days ago in the border area between Ecuador and Peru.

President Juan Carlos Wasmosy telephoned his counterparts from Ecuador, Sixto Duran-Ballen, and from Peru, Alberto Fujimori, to offer them his good offices. Wasmosy, who is to return to Asuncion from Davos, Switzerland, on 31 January after having attended the world economic forum, is willing to mediate in negotiations that might have the support of the other member countries of Mercosur [Common Market of the South], which, besides Paraguay, comprises Argentina, Brazil, and Uruguay. Sources close to Government House have reported that a Mercosur commission may be established in order to try to obtain a cease-fire in the armed conflict between the feuding countries before the next presidential summit of Andean Pact member countries.

Foreign Minister Luis Maria Ramirez Boettner, for his part, reported that the Paraguayan president conveyed to his Ecuadoran and Peruvian counterparts his hope that the conflict can be settled by peaceful means. To that end, guarantor countries to the Rio de Janeiro Protocol, namely, the United States, Brazil, Argentina, and Chile, are the first in order of precedence, but President Wasmosy has told the warring nations Paraguay will do anything it can to help them reach an understanding.

Retiring Vice Admiral Denies Differences With Wasmosy

PY3001150395 Asuncion ABC COLOR in Spanish 27 Jan 95 p 3

[FBIS Translated Text] Vice Admiral Eduardo Gonzalez Petit confirmed yesterday that President Juan Carlos Wasmosy—the Armed Forces commander in chief—had accepted his request to retire that he submitted last November. Gonzalez Petit said: "On 20 November 1994 I requested my retirement for having served five years in the same rank. The commander in chief then thought it would be better to wait a few months, and only recently accepted my request."

Asked how long he will continue in his post, Gonzalez Petit said he could not answer exactly, but said it would only be a few more days.

The vice admiral said he did not know who would replace him as military forces commander because the commander in chief did not tell him.

Asked if Division General Silvio Rafael Noguera would replace him, Gonzalez Petit answered: "Probably. If the decision is based on seniority Gen. Noguera must take the post, but the commander in chief might have a different idea."

The vice admiral denied his decision to retire was the result of some disgust or difference with President Wasmosy on how to conduct the military institution. He said: "How could I be annoyed when I am the vice admiral with the longest time in active duty? I have 40 years on active duty and I will retire quite satisfied because I fulfilled my highest aspirations as a military man."

The vice admiral also denied that he was disillusioned with the Armed Forces because President Wasmosy could not get Congress to approve the "four star" for the military.

Vice Admiral Carlos Guillermo Lopez Moreira, Navy commander, confessed that the announcement by the president to accept Gonzalez Petit's retirement request took him "completely by surprise." He said: "I was not expecting it, but now I learn that Vice Admiral Gonzalez Petit submitted his request last year."

The Navy commander added that he did not know who would replace the military forces commander or who would be the liaison officer if Gen. Noguera is designated to occupy Gonzalez Petit's post.

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Peru

Foreign Ministry Communique Notes Attendance at 31 Jan Rio Meeting

PY3001225295 Lima Radio Programas del Peru Network in Spanish 2145 GMT 30 Jan 95

[Report by Ismael Byron Orma at Government Palace in Lima—live]

[FBIS Translated Text] Journalists accredited to Government Palace have received the following official communique issued by the Peruvian Foreign Ministry:

Regarding the communique issued today by the guarantor countries of the Rio de Janeiro Protocol, the Peruvian Foreign Ministry deems it its duty to report the following:

First, the Peruvian Government appreciates the determined action of the guarantor countries and the good offices of OAS Secretary General Cesar Gaviria with a view to overcoming the situation at the Peruvian-Ecuadoran border and to setting in motion a process that would result in the definitive demarcation of the border established by the Rio de Janeiro Protocol and by the arbitration award of Brazilian Dias de Aguiar.

Second, the National Defense Council, chaired by the president of the Republic, in an action that conveys the Peruvian decision to promote peace and to respect the laws, has accepted the call made by the guarantor countries of the Rio de Janeiro Protocol in the communique released today in Brasilia because it is strictly in keeping with the above international treaty.

Third, this decision is being made at a time when the Ecuadoran Government, after several decades, has expressly recognized the validity of the Rio de Janeiro Protocol. All Peruvians have welcomed the Ecuadoran recognition, which represents a major breakthrough.

Fourth, Peru hopes that the Ecuadoran Government and the guarantor countries will steadily develop this process toward achieving peace and the strict adherence to international treaties, in accordance with the urgent need to promote integration, progress, and well-being for the Peruvian and Ecuadoran peoples.

Therefore, the Peruvian vice foreign minister will attend the high-level diplomatic meeting that will be held in Rio de Janeiro tomorrow, 31 January 1995, which is designed to set in motion a mechanism of the guarantor countries of the Rio de Janeiro Protocol. The Peruvian Government will take the measures required for the prompt suspension—we repeat, the prompt suspension—of military operations in the border area.

Lima, 30 January 1995.

This has been official communique 04/95 issued by the Peruvian Foreign Ministry at Government Palace.

In the meantime, President Fujimori is presiding over a meeting of the National Defense Council.

Vice Minister To Meet Ecuadoran Counterpart

PY3101110695 Lima Radio Programas del Peru Network in Spanish 1044 GMT 31 Jan 95

[FBIS Translated Text] Peruvian Vice Foreign Minister Eduardo Ponce left early this morning for Brazil to meet with his Ecuadoran counterpart. The meeting was called by the guarantors of the Rio de Janeiro Protocol.

Ponce said the meeting is very important because representatives of the guarantor countries will participate in the meeting in search of a final solution to the incidents at the Ecuadoran border. Ponce hopes his Ecuadoran counterpart will attend the meeting.

[Begin recording] [Ponce] This meeting will go beyond the bilateral level of the two vice ministers. This will be a meeting of vice ministers of Peru and Ecuador, and representatives of the guarantors of the Rio de Janeiro Protocol.

[Unidentified reporter] Will there be a request from the vice foreign ministers for a meeting of the foreign ministers of the two countries and of the guarantor representatives.

[Ponce] This is in the program. We hope a process will begin that would lead us, as already said in the official communique, to a solution of this conflict based on a final demarcation of the border. [end recording]

Vice Foreign Minister Ponce boarded the plane at 0100 today, just a few minutes before the official Ecuadoran Government communique was released in which it proposed a cease-fire as of 0800 today. In the communique, the Ecuadoran Government also announced that its Foreign Ministry Secretary General Marcelo Fernandez de Cordoba will attend the high-level diplomatic meeting called by the guarantors of the Rio de Janeiro Protocol.

Confrontations Continue; Possible Second Offensive Rumored

PY3001210795 Madrid EFE in Spanish 1815 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—Peruvian troops today continue in their effort to evict Ecuadoran forces from a battle front established along the Cenepa River and the confluence of the Yaupi and Santiago rivers, in the Condor Mountain region, along the border zone between the two countries.

Military sources today confirmed that in the Sunday [29 January] clashes, the Ecuadorans were expelled from two other battle fronts; these clashes encompassed at least eight detachments with an unspecified number of troops.

The circumstances in which a Peruvian Army helicopter—a Russian-made MI-8—was shot down by an infrared missile fired by an Ecuadoran patrol were also learned today.

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The helicopter was flying at an altitude of some 2,000 meters and the five crew members died.

Other unconfirmed sources reported from Bagua, a zone near the place of confrontations, that so far the number of casualties among the Ecuadoran troops totals 30 military personnel.

In contrast to this, Ecuadoran military sources reported from Ecuador that during the four days of clashes there were a total of 29 Peruvian casualties as opposed to only four Ecuadoreans.

Early this afternoon a rumor was circulating in Lima that the Peruvian Army will unleash, within the next few hours, a second offensive attack on the Ecuadoran positions. This could not be confirmed by journalists given the secrecy maintained by the military officials.

Nevertheless, it was learned through sources coming from Tumbes, on the border, that one of the main objectives of the Peruvian military actions today is to cut the logistics supply lines of the Ecuadoran troops.

The new offensive, if carried out, will reportedly be similar to Sunday's offensive, with infantry units, mortar fire, and the support of helicopter gunships and fighter planes.

The deployment of military troops to the zone of the Condor Canyon was also intensified; an unspecified number of elite troops, experts in anti-terrorist and jungle commando combat tactics, are being sent to the zone.

Troops from the military zones of Bagua, Iquitos, Chiclayo, and Piura, as well as from Lima, are being mobilized.

Radio stations in Lima also reported today that early this morning, in Iquitos, a town of 500,000 inhabitants in the Peruvian Amazon region, an air raid drill was carried out, with a general blackout that lasted 30 minutes, preventing possible attacks by the Ecuadoran Air Force.

Today, 30 January, is the fourth day since the beginning of the conflict between Peru and Ecuador, the immediate origin of which took place on 11 January, when Ecuador reported a confrontation of two military patrols and accused the Peruvians of the incident.

Ecuador said that the incident took place on Ecuadoran territory.

For years Peru and Ecuador have maintained a territorial conflict, disputing 78 kilometers of Amazonian territory.

The zone where troops of the two countries have engaged in fighting since last Thursday, 26 January, is rugged jungle terrain at the source of the Cenepa River, flowing into the Maranon, which makes it a direct route toward the Amazon River, an outlet to which Ecuador aspires.

Media Note 'Apparent Preparation for a Total Offensive'

PY3101004095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1916 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (AFP-NA)—Citing military sources, the Peruvian media today said that the Peruvian Armed Forces—which were conducting an impressive mobilization of troops, arms, and logistical equipment "on the front line of the undeclared war" with Ecuador on 30 January—may launch at any moment "a total offensive."

Despite a lack of official information—military reports on clashes—the sources said that the situation at the theater of operations is bound "to worsen" in light of the "steady arrival at the Bagua Chica and El Milagro airfields (which are located some five hours away from the border) of a large contingent of troops and materiel "in apparent preparation for a total offensive against the Ecuadoran forces." [quotation marks as received]

A radio station reported today from Bagua that "the Army has taken control of air terminals in the northern jungle—Amazonas Department, 850 km northeast of Lima—and doubled the number of patrol troops along a 5,000-km segment of the Peruvian border with Colombia and Brazil."

Peruvian reinforcements have arrived in the past 48 hours from the barracks of Lima, Trujillo (La Libertad), Chiclayo (Lambayeque), Piura, and Tumbes, as well as northern departments. After a brief stopover at the above air fields, these troops were taken to the front line.

General Vladimiro Lopez, chief of the 5th Jungle Infantry Division, is leading the operations in the Cordillera del Condor conflict area.

Luis Huaman, mayor of the El Milagro district, said that approximately 15,000 civilians may be evacuated from the various townships located in the area as a precaution "in light of the fact that their lives would be in danger if bomb attacks take place in the region."

Additionally, the El Valor air field, which is 10 minutes flying time from the 5th Division headquarters, has been swamped with aircraft all day long, as Buffalo planes carrying troops and materiel have been landing there steadily.

In some northern localities—Iquitos, Bagua, among others—blackouts were implemented the evening of 29 January to simulate bombing raids, while commercial flights through the area have been temporarily suspended.

In addition to the clashes reported yesterday in the Cenepa River area, where "Ecuadoran troops were forced to withdraw," there were also clashes at the confluence of the Yaupi and Santiago rivers, the results of which are not yet known.

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It has also been reported that the "planned offensive" is designed to cut all Ecuadoran supply lines."

Government Silent After OAS Meeting Begins

PY3101023795 Madrid EFE in Spanish 1830 GMT 30 Jan 95

[FBIS Translated Excerpt] Lima, 30 Jan (EFE)—While fighting continues between Peruvian and Ecuadoran troops in the border zone, the Peruvian Government remains silent a few hours after the beginning of the OAS Permanent Commission meeting to analyze the conflict between the two countries.

The Peruvian Armed Forces Joint Command reported that a supply helicopter was shot down by Ecuador, killing its five crew members, and also reported the capture of the Cueva del Tallo zone, in the Cenepa River valley, and the expulsion of Ecuadoran soldiers from the area, according to an official report. [passage omitted]

At least 74 Peruvians who live in the Ecuadoran town of Loja were expelled to Tumbes, a Peruvian border town. The group was made up of university students, businessmen, and residents of that Ecuadoran town. The Peruvian university students reported that four of them remain under arrest or detention in Ecuador.

Moreover, Beatriz Ramaccioti, Peruvian representative to the OAS in Washington, told a Lima radio station that the participation of OAS foreign ministers in the conflict between Peru and Ecuador is not appropriate while negotiations of the guarantor countries continue. [passage omitted]

The Peruvian electoral campaign for the 9 April elections, which is in the final stage, was suspended due to the border conflict.

Politicians who are candidates for the Peruvian presidency stated that this is the time for unity and for support of the government until the border conflict is solved.

Some Peruvian politicians have expressed a degree of irritation because they do not consider the action of the guarantor countries to be very strong.

Another point criticized by the Peruvian citizens today is the lack of official information on what is really happening on the front and in the diplomatic field.

'Feeling of Hope' for Cessation of Hostilities Prevailing

PY3101013095 Madrid EFE in Spanish 2310 GMT 30 Jan 95

[FBIS Translated Excerpt] Lima, 30 Jan (EFE)—While apparently there were no confrontations today between Peruvian and Ecuadoran troops in the border zone of the two countries, political attention today is focused on the meeting which the OAS Permanent Commission is holding in Washington.

Following a tense day yesterday, 29 January, a day filled with tough confrontations and recognition of casualties on both sides, a certain feeling of hope prevails today in Peru. [passage omitted]

The absence of combat has not prevented the top Peruvian military command from sending reinforcements to the zone of conflict, including, among them, forces especially trained for combat in the Amazon jungle.

More planes, helicopters, transport planes, and an unspecified number of troops continue to arrive in the Condor Mountain region, while in the nearby towns, as well as in more distant ones such as Iquitos, capital of the Peruvian Amazon, survival drills and general alert status situations are carried out or practiced for the purpose of ensuring preparedness in the event of Ecuadoran air raids. [passage omitted]

An indication of the hope for a quick cessation of hostilities was given today by a Peruvian Government Palace spokesman who stated that the presence of Peruvian President Alberto Fujimori at the Bolivarian presidential summit on 2 and 3 February in the Venezuelan town of Cumana "has not been ruled out."

At that summit, Fujimori will meet with Ecuadoran President Sixto Duran-Ballen, and, according to political and diplomatic observers, it is supposed that the summit could serve as a basis for reconciliation between the two presidents and an agreement on the ending of hostilities.

Political Circles 'Unanimously Believe' Guarantors Must Solve Crisis

PY3101030095 Sao Paulo AGENCIA ESTADO in Portuguese 1849 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—All Peruvian political sectors unanimously believe that the Rio de Janeiro Protocol guarantor countries are forced to solve the crisis between Ecuador and Peru.

The countries responsible for guaranteeing compliance with the protocol signed by Ecuador and Peru in 1942 are Argentina, Brazil, Chile, and the United States. This protocol, which establishes the Peruvian-Ecuadoran borderline, was declared "null" by Quito in 1960. Last week, however, Ecuadoran President Sixto Duran-Ballen announced that his country again accepted the document's validity.

Former UN Secretary General Javier Perez de Cuellar, who is also a presidential candidate in the Peruvian elections, has asked for a firm attitude by the guarantor countries to ensure compliance with the terms of the treaty. Perez de Cuellar said: "The guarantor countries must have a firmer attitude on approaching the negotiating table and solve the crisis as soon as possible; otherwise, this could remain pending for a long time." He added: "It must be understood that all the parties involved are legally obliged before the international community to make sure this document is respected."

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Former Peruvian senator and jurist Javier Valle Riestra, of the Social Democratic Movement, has asserted that "international accords are unalterable and, therefore, Peru and Ecuador must comply with what has been established in the Rio Protocol."

Martha Hildebrandt, Peruvian ruling party candidate to Congress, asserts that "for inexplicable reasons, so far, the guarantors have not shown real interest in intervening to make sure the protocol terms are complied with."

Former Peruvian President Francisco Morales Bermudez has said that "the guarantor countries must immediately summon the Peruvian and Ecuadoran representatives to definitively define the required mechanisms to finish demarcation of the two countries' common border."

Conflict between the two countries has been occurring in the Condor Mountain chain, where 78 km of the border have not been demarcated.

The demarcation work was suspended in 1950, when Ecuadoran delegates of the commission in charge of this task abandoned the work, believing that on the borderline established by the Rio treaty nonexistent geographical anomalies appeared.

The Peruvian Foreign Ministry has also pointed out that the crisis with Ecuador must be solved within the framework of the Rio de Janeiro treaty. In view of that, the Peruvian Foreign Ministry discarded the possibility of accepting another institution to mediate the conflict.

The Lima Government today confirmed that it has invited the Ecuadoran Government to hold a deputy foreign ministerial meeting tomorrow in Lima, to prepare for a bilateral meeting of the two countries' foreign ministers.

The proposal points out that the two countries' foreign ministers will meet "their counterparts of the guarantor countries" to find a definitive solution to the crisis.

Ecuador has recognized the validity of the protocol, but has requested UN Security Council or OAS mediation.

A UN spokesperson, however, has discarded the possibility of a Security Council meeting to discuss the Andean conflict before all the Protocol resources are exhausted.

At Ecuador's request, the OAS Permanent Council will meet today to study an Ecuadoran petition calling for a meeting of the OAS countries' foreign ministers to mediate the conflict.

The Peruvian representative before the OAS, Beatriz Ramaccioti, has reported that Peru will oppose this request "for as long as the guarantor mechanism is still in action."

It was also recalled that the OAS secretary general, Colombian Cesar Gaviria, has pointed out that he is personally conducting peace efforts and that "these complement the efforts of the Rio de Janeiro guarantor countries."

Troops on Border Ordered Not To Fire Unless Attacked

PY3001234595 Madrid EFE in Spanish 2108 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—Peruvian Army troops stationed in the locality of El Papayal, on the border with Ecuador, have been ordered not to fire unless they are attacked by Ecuadoran soldiers. This report was released today by the official news agency ANDINA, which cites military sources.

Although not yet confirmed by military sources, there was no attack or confrontation today with Ecuadoran forces in this zone.

News from Ecuadoran military sources received in Lima states that no new attacks by Peruvian forces were carried out today against Ecuadoran detachments.

Approximately 5,000 soldiers are entrenched in that border zone with Ecuador.

El Papayal is a small town of 4,000 inhabitants in the province of Zarumilla, Tumbes Department.

In the border town of Tumbes, capital of Tumbes Department, with 70,000 inhabitants, activities are normal, and on Sunday, 29 January, the town commemorated the 53d anniversary of the signing of the Rio de Janeiro Treaty which established the bounderies between Peru and Ecuador.

The supply of food and fuel to Tumbes is normal.

Tranquillity also prevails in Ayabaca, another northern province in the Department of Piura, bordering Ecuador, and the National Police is in charge of maintaining order.

Hernan Zavala, the deputy civilian governor of that jurisdiction, said that "the situation in this part of the country is normal, and the people are dedicated to their normal chores."

Alleged Ecuadoran Spy Arrested; Ashaninkas Ready To Fight

PY3001220895 Madrid EFE in Spanish 2013 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—Peruvian military troops have captured an alleged Ecuadoran spy in the locality of Bagua, when he was prowling around the "El Milagro" garrison, from where the military operations on the border with Ecuador are directed.

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According to reports today by Peruvian press and television stations, the detained individual, whose name has not been released, was carrying a notebook in which he had written information concerning troop movements and other data.

Also in Bagua, a locality in the Amazon Department bordering Ecuador, the indigenous people who live in the zone have expressed their willingness to fight if they are asked. They are Ashaninka Indians from the northern jungle departments of San Martin and Loreto.

Moreover, the civilian militia known as the "peasant defense patrols" expressed their willingness to join the Army, according to military sources. "Peasant defense patrol" members reported that for some time they have been fighting terrorism, and they are now willing to fight the Ecuadoran troops if necessary.

Fujimori Attendance at Bolivarian Summit 'Not Ruled Out'

PY3101005395 Madrid EFE in Spanish 2150 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—A Government Palace press source told EFE today that Peruvian President Alberto Fujimori has not ruled out the possibility of attending the Bolivarian presidential summit that will be held in the Venezuelan town of Cumana.

"We neither confirm nor deny" the presence of the president at the summit, the source said.

The Bolivarian presidential summit will be held 2-3 February. Present at the meeting will be the presidents of Venezuela, Rafael Caldera; Colombia, Ernesto Samper Pizano; and Bolivia, Gonzalo Sanchez de Lozada.

Official news from Quito reported today that Ecuadoran President Sixto Duran-Ballen will also surely attend the summit. The report added that he had not thought about suspending his trip to Venezuela.

Should President Fujimori's presence at the Cumana summit be confirmed, it will be the first time since the beginning of the current conflict between Peru and Ecuador that the presidents of the two countries will attend a presidential meeting.

Correspondent in Quito Reports on Situation of Peruvians

PY3001213795 Lima Radio Programas del Peru Network in Spanish 1745 GMT 30 Jan 95

[Telephone relay by Jose Marino from Quito, Ecuador]

[FBIS Translated Excerpt] [Marino] Good morning.

[Unidentified anchorman] Tell us, what is the latest information you have?

[Marino] A meeting between the vice foreign ministers of our country and Ecuador will reportedly be held in Brasilia tomorrow. This will be a meeting in preparation for a later meeting between the foreign ministers of the two countries. It has also been reported that Ecuadoran reservists are going to the border region. Furthermore, it has been learned that the OAS Council will meet in Washington tomorrow. [passage omitted]

As I said, I am not able to freely talk or move about the streets. My picture was shown on Ecuadoran television with regard to the contact I made yesterday to report to Panamericana Television through the "Panorama" feature. Television commentators said that I am an undesirable character who is misinforming Peru about the real situation here. Well, this is what is happening, but I am doing my job, to report how Ecuadorans see this border conflict. [passage omitted]

There are many calls to the Peruvian Consulate here because there is some concern, but there is no stampede of Peruvians. So far, there are no reports of physical aggression against Peruvians who live in different areas, especially in the region near Peru. They are concerned and they are trying to leave for their own security. There is a problem at the airport. Today, only 16 Peruvians were able to leave on Avianca, which is the only airline that flies to Lima. This was from a roster of 80 people on the waiting list. There is no such thing as the so-called, quote, invitation, unquote, for Peruvian diplomatic officials accredited in various parts of Ecuador to leave. This is not happening. [passage omitted]

Contrasting Atmospheres in Border Conflict Viewed

PY3101034995 Madrid EFE in Spanish 1841 GMT 30 Jan 95

[FBIS Translated Text] Lima, 30 Jan (EFE)—The armed conflict between Ecuador and Peru, which has lasted five days, is being waged in two different atmospheres—a markedly belligerent one in Ecuardoran territory and another one of tranquillity and tense calm in Peru.

Since the outbreak of the armed conflict on 26 January, Ecuadoran authorities have issued at least 17 official communiques and President Sixto Duran-Ballen has delivered televised messages to the nation and given several news conferences. Duran-Ballen has also harangued his troops and the people.

In Ecuador, there was live television coverage of these events as well as of the mobilization of troops and deployment in the border area. Ecuadoran television constantly broadcasts videos aimed at encouraging "nationalistic" feelings among the population. Within this framework, a climate of "total war" prevails in Ecuador, which is translated in public rallies characterized by a marked resentment "against the Peruvian invader."

Graffiti, which has appeared in several districts of the Ecuadoran capital, reads: "Work for our homeland; denounce Peruvians."

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Having charged that they have been harassed and intimidated, Peruvian residents in Ecuador have requested the protection of their diplomatic representatives.

Ecuadoran sources have reported that the Peruvian consul in the city of Machala, together with some 80 business owners, have been expelled from the country and that some 50 Peruvian students residing in the city of Loja (Ecuador) have been evacuated.

The Peruvian journalists who traveled to Quito to cover the conflict also complained that members of the Ecuadoran press sabotaged their work in Quito and confiscated their press material.

In Peru, however, the climate is totally different. Peruvians are decidedly against the war and the Fujimori administration has taken a cautious attitude—which some deem to be excessive—vis-a-vis the border conflict.

Peruvian President Alberto Fujimori has called only one news conference to discuss the issue and his administration has issued only four official communiques on the armed conflict.

This restraint has caused difficulties for the press on account of the scant official information and the difficulties involved in traveling to the border. This is in stark contrast with what is happening in Ecuador, where the press receives the necessary support.

Reportage by Peruvian television on the conflict is, therefore, sporadic and limited only to the usual newscasts.

No videos have yet been broadcast to exacerbate Peruvians' nationalist feelings.

No major rallies have been staged, either in Lima or in border towns, against Ecuador or to support the war. Moreover, only some local authorities have decided to hoist Peruvian flags in border towns.

According to a poll conducted by a television station, Peruvians are against the war, since they view Ecuador as "a sister nation" and believe that the guarantors of the Rio de Janeiro Treaty should definitively solve the border conflict so as to prevent future problems.

Ecuadorans living in Peru carry on with their activities as usual and nobody has made charges of abuses or harassment. Thus far, no Ecuadoran has been expelled from the country.

The Ecuadoran reporters who traveled to Lima to cover the crisis "were surprised" to see how calm the city is and to learn that the restrictions they face are the same as those facing their local and foreign colleagues.

Having regretted how badly his colleagues were treated in Quito, Francisco Febres, a special correspondent from the Quito newspaper HOY in Peru and a relative of former Ecuadoran President Leon Febres, said: "People have treated me very nicely."

Karina Lopez, an editor from the newspaper EL COMERCIO from Quito, reported that since she arrived in Peru, "my colleagues and people in general have been nice to me, and most helpful."

Situation 'Calm;' Border Trade 'Restricted'

PY3001215895 Lima Radio Programas del Peru Network in Spanish 1935 GMT 30 Jan 95

[Report by Samuel Neira in Aguas Verdes—live]

[FBIS Translated Text] The temperature is approximately 30 degrees Celsius here in Aguas Verdes, which is located approximately 25 km from Tumbes. At this time, we can see that trade has been restricted at the Aguas Verdes international bridge. Our opinion has been endorsed by Peruvian citizens who have had difficulties in making purchases in Ecuador.

Peruvian citizens have also charged that Ecuadoran sectors are engaged in an intimidation campaign—through leaflets—against Peruvians.

[Begin recording] [Neira] The border is virtually open; people may come and go, but they cannot buy or sell anything.

[Unidentified woman] That is the problem. One does not want to go there just to do window shopping. We want to buy things. Why should one go to Ecuador if not to buy something?

[Neira] Thank you. These are testimonies by people who are here at the international bridge. Here is another person who has a leaflet in his hand. What can you tell us about that leaflet? What does it say?

[Unidentified man] Look, the Ecuadoreans are distributing this leaflet in their country. Fortunately, I was able to get a copy. The leaflet says: Ecuadoreans: Peruvian invaders are seeking to usurp our territory. Let us not permit them to step on an inch of our land. These leaflets are being disseminated among Ecuadoran citizens.

The leaflet adds: Only united will we achieve victory. Ecuador has been and will always remain an Amazon country.

[Neira] What do you think about this leaflet?

[Unidentified man] As a Peruvian, I feel that we must defend our country's dignity. Ecuador has never been an Amazon country. It has, however, tried to become an Amazon country through the use of force.

[Neira] We should report that the border delimitations are guarded by troops of the Peruvian Armed Forces to stop any attempt by Ecuadoran troops to enter our territory. We have been informed that activities have been normal at the Plaza de Armas, and elsewhere in Tumbes. Everything is absolutely calm there. People are alert, but calm.

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[Unidentified anchorman] Thank you, Samuel, for this report, which shows that as of 1430, trade is restricted at the Aguas Verdes international bridge area. We should also note the action designed to intimidate the Peruvian people. This type of leaflet is a form of psychological warfare which, in one way or another, is seeking to defend the Ecuadoran interests. Yesterday, we were able to watch various televised reports on everything pertaining to press activities and coverage. Is the press activity still restricted, and what is the particular situation of Peruvian reporters?

[Neira] We should tell you that at this time, we cannot enter Ecuador through the international bridge. Peruvian and local reporters have gathered at this border area. The strange thing, however, is that shortly before we arrived here, members of Ecovision could enter a few meters further through the international bridge. Peruvian press groups have not been allowed to do so. There have been distorted reports, malicious reports received here in the Tumbes area, where Ecuaudoran television stations, as well as radio stations, are clearly monitored. The Ecuadoran media are disseminating false information among Peruvian residents.

Congressional Committee Head Views Conflict With Ecuador

PY3101040895 Lima Radio Programas del Peru Network in Spanish 1800 GMT 30 Jan 95

[Interview with Osvaldo Sandoval, Change-90 deputy and head of the congressional Foreign Affairs Committee, by Eduardo Lino, at Congress, and an unidentified anchorman at the radio station studio—live]

[FBIS Translated Text] [Lino] Mr. Congressman, in a speech delivered in Quito, the Ecuadoran president has said that Ecuador will not sit at the negotiating table before an unconditional cease-fire is declared. Thus, the Peruvian proposal for a deputy foreign ministerial meeting to seek a peaceful solution to this conflict is being rejected. What is your opinion about this?

[Sandoval] First, I must say that I frankly regret Ecuador's new unqualified position. I believe the proposal made yesterday by Peru through its deputy foreign minister is a sensible proposal. It is inspired by our desire to solve this problem in an adequate manner. I also believe that by conditioning negotiations on a complete cease-fire, they are only confirming that what they want is to make some members of their Armed Forces remain in Peruvian territory. This is, however, obviously and entirely unacceptable. No Peruvian can accept anything like it.

[Lino] In view of these facts, what should the government do? What attitude should the government adopt within the framework of diplomacy?

[Sandoval] Before answering this question, I would like to say that we have summoned the Foreign Affairs Committee members for a meeting today to evaluate this issue and to be able to recommend some lines of action to Congress, through its president, as well as to the government. We are all very much concerned about the situation in general. We believe the government is acting in an appropriate fashion: Firmly, but also with the prudence required for this sort of situation.

We have also made sure that Foreign Minister Efrain Goldenberg, as well as the defense minister, are able and find it possible to visit the national Congress, as has been requested by some representatives of the opposition. By no means do I discard this possibility, but our immediate and short-term concern now is to find out how we can support the government actions aimed at making it possible for the invading forces to abandon our national territory.

[Lino] Therefore, the possibility of summoning the national Congress is not discarded, either.

[Sandoval] I must tell you that the national Congress has already been summoned for tomorrow at 0929. There will be a meeting of all members of the directive council board [consejo directivo ampliado]. I do not discard any possible action leading to fruitful efforts to be jointly carried out by the Peruvian national Congress and the executive branch.

[Lino] Alejandro, I wonder whether you have any other questions for the Foreign Affairs Committee president. We are listening to you.

[Unidentified anchorman] Thank you, Eduardo, for allowing me to talk to Congressman Sandoval. Not only entrepreneurs and Catholic Church leaders, as well as congressmen, have been concerned about the current situation. Several people have been wondering why the Foreign Affairs Committee has only today been summoned to help on this issue. Hasn't there been a possibility of gathering all congressmen for an immediate meeting?

[Sandoval) I will frankly tell you that our problem is that most of the Foreign Affairs Committee members are traveling. In the last few hours, we have informally been trying to make them come back to Lima. Some are abroad; others are traveling in other Peruvian provinces. We are doing our best to be able to hold this meeting yet this afternoon. As everyone knows, this situation took us by surprise on the evening of 26 January. Therefore, it has not been possible to meet before. I want to emphasize, however, that all members of the Foreign Affairs Committee are concerned, like all congressmen and Peruvians in general, about this conflict.

[Unidentified anchorman] This issue will certainly be discussed tomorrow during the meeting of congressmen and executive branch members. Mr. Congressman, I would like to ask you whether there is any possibility of having more direct links between the executive and the legislative branches in order to better coordinate the actions and positions to be adopted?

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[Sandoval] I should tell you that coordination between the executive and legislative branches must obviously be improved. One of the ways of doing this is precisely to resort to meetings similar to the one the Foreign Affairs Committee will hold today. Beginning today we will have the possibility of intensifying this coordinating effort. I must add, however, that several congressmen have individually been maintaining permanent contact with the executive branch. As soon as news about the conflict became known, I personally went to the Foreign Ministry to learn from the foreign minister and deputy ministers the details of the situation. On behalf of the Foreign Affairs Committe, I conveyed to them our support.

[Unidentified anchorman] Mr. Congressman, we want to thank you for this direct contact with our studios. We hope that the joint and permanent efforts of the executive and legislative branches will help protect our national sovereignty.

[Sandoval] Thank you very much.

[Unidentified anchorman] Thank you, Eduardo Lino, for this interview.

[Lino] Thank you.

Uruguay

Uruguay Offers To Host Peruvian-Ecuadoran Talks

PY3001151295 Buenos Aires TELAM in Spanish 1444 GMT 30 Jan 95

[Report by unidentified correspondent]

[FBIS Translated Text] Montevideo, 30 Jan (TELAM-SNI)—Uruguay today offered to be the seat of any eventual talks between the Rio de Janeiro Protocol guarantor countries and Peru and Ecuador.

On 29 January Uruguayan Foreign Minister Sergio Abreu made diplomatic contacts with the OAS and talked with OAS Secretary General Cesar Gaviria, who briefed him on his personal mediation effort with Peruvian President Alberto Fujimori and Ecuadoran President Sixto Duran-Ballen. Abreu stated that Uruguay's position is that of giving Peru and Ecuador some more time to try to seek a solution, and then call into session the OAS Foreign Ministers Council.

After his talk with Gaviria, Abreu instructed Julio Jauregui, Uruguayan ambassador to the OAS, to make contact with the representatives of the other Latin American countries.

Should the negotiations be halted among the Rio de Janeiro Protocol guarantor countries, the Uruguayan foreign minister wants to call the OAS Council of Ministers into session as quickly as possible.

Abreu also made contact with Peruvian Prime and Foreign Minister Efrain Goldenberg and with the Ecuadoran ambassador to the OAS.

The Uruguayan Foreign Ministry press office reported that Abreu will continue his diplomatic contacts, and meetings have been scheduled with the Peruvian and Ecuadoran ambassadors in Montevideo.

National Party: Sanguinetti Document 'Unsatisfactory'

PY2801011895 Montevideo EL OBSERVADOR ECONOMICO in Spanish 21 Jan 95 p 1

[FBIS Translated Text] While the document that was submitted to the political parties by President-elect Julio Maria Sanguinetti was termed "unsatisfactory" by the highest level of the Herrerista faction of the National Party, President Luis Alberto Lacalle met with Alberto Volonte on 20 January for the first time since June 1994.

High-ranking official sources stated that "the document outlines what has to be done, but it does not say how it is going to be done because it includes the whats but not the hows."

Circles linked to Volonte and Alvaro Ramos [a leader of the Unity Movement of the National Party] have indicated that the document can be considered a "passport" to continue with the negotiations.

Lacalle and Volonte met during the morning of 20 January in the home of Pablo Garcia Pintos, secretary of the presidency.

During the meeting, Lacalle highlighted the need for him and Volonte to meet periodically, and the former presidential candidate indicated that the National Party as a whole must participate in the next cabinet.

Interior Minister Discusses Security, Terrorism, Corruption

PY3001184495 Montevideo BUSQUEDA in Spanish 19-25 Jan 95 pp 6, 7

[Interview with Interior Minister Angel Gianola by unidentified reporter; place and date not given]

[FBIS Translated Excerpt] [BUSQUEDA] Do you agree with the Montevideo chief of police that there is no lack of security, that it is only a kind of "frame of mind?"

[Gianola] The media sometimes disseminate inaccurate reports. This influences the situation a lot. Some incidents in the Marconi neighborhood were reported on, more or less stating that a gang of criminals were holding a defenseless neighborhood under siege and that the people had to form armed groups to defend themselves. The police spoke with the people and it turned out that the reports were incorrect. A climate of terror did not

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exist, there was just a bad climate. This is not what is occurring in the shantytowns of Rio de Janeiro, but it is worrisome.

[BUSQUEDA] Are we becoming another Rio de Janeiro?

[Gianola] If we are to enable the police to carry out more efficient actions and prevent Montevideo from becoming a series of shantytowns we must increase the number of policemen and give them more resources. It is evident that the educational system and other things must also be looked into, but what I can do now is to increase the vigilance, implement more regular patrols, and even take the Republican Guard into some areas. We need 2,000 more police in Montevideo for executive tasks. We also need better pay for the police. Priority must be given to the police institution because if security functions well then society as a whole functions well. Security must come before anything else. I know public health has its needs and that education is vital, but security comes first. [passage omitted]

[BUSQUEDA] High-ranking police officers have been tried recently for various crimes. Is the police institution functioning well or is there corruption?

[Gianola] Problems of fatigue exist in all institutions, the loss of certain attributions and values. I would say the vast majority of the police force acts with great responsibility.

[BUSQUEDA] But, several police have been tried lately...

[Gianola] Yes sir. It happens in the Montevideo police force and we pay particular attention to it. They are affected by corruption, by vice, just like the entire Uruguayan society. At the same time we have to fight crime within the police force itself and we have adopted many measures. But, there are situations that have been falsely created and these situations are used to undermine the police. This is a very difficult topic and it must be managed carefully. [passage omitted]

[BUSQUEDA] How can corruption be prevented in the police force?

[Gianola] When faced with a case of corruption we do not hide. We seek to dignify the honest officers, who are the majority. The state has done everything for the correct functioning of the National Police School, which has a high degree of expertise. Non-commissioned officers are also educated in departmental schools. I have confidence in the future of the National Police School. It is evident that bad pay conspires against the good functioning of the police force. I have been told: "Either a man accepts 1,200 pesos to fulfill his duty or he should go and do something else." This is very easy to say that, but one must take into account that they are simple people who may not have another choice.

[BUSQUEDA] It has been pointed out that many police live alongside the criminals they have to pursue. Is this true?

[Gianola] This is another problem that has to be resolved. They live very modestly in neighborhoods side by side with the criminals. [passage omitted]

[BUSQUEDA] What emerged from the investigation into the incidents on the night of the elections?

[Gianola] Those incidents were somewhat provoked. There are organizations that promote violence. I refer to radical political groups. We have the Filtro Hospital case [during the extradition of ETA terrorists to Spain] in which many movements made a clear call to commit crimes and to prevent the action of the authorities.

[BUSQUEDA] Are those groups being watched by the intelligence services?

[Gianola] The intelligence services have information, but it is very difficult because most of those groups act within a completely legal status. I believe there are continuous incentives to seize power and that there are training courses on how to do it, but I do not wish to discuss this topic. I could be mistaken. The San Pablo Forum will meet in the next few days in Uruguay. It is public and evident that representatives of the most violent guerrilla groups in America will come. Here we calmly believe democracy is a system that everyone bows to... but only some bow to it and exercise it as is appropriate while others try to use it to undermine the freedom of this country and to seize an opportune moment. I am not accusing the country's political parties. I know very well that Broad Front leaders cooperated with the Interior Ministry before and after the elections so that they could be carried out in the best possible way. Yet there are those that go overboard, and opportunities are created for them to act. In cases like this the political leadership can do very little.

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